FOREIGN AFFAIRS

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AMERICA AT WAR: THREE BAD MONTHS

By Hanson W. Baldwin

THE history of our first three months at war must be painted in somber colors. The United States Navy suffered the worst losses in its history. Guam and Wake were captured by Japan. In quick succession the enemy overran most of the Philippines, seized Hong Kong, swept over Singapore, principal bastion and base of the United Nations in the Far East, and reduced various strategic points in the Netherlands East Indies one by one. As these lines were written, the surging tide of conquest was nearing Rangoon, entry port for the Burma Road, and was imperiling India. Southward it was menacing Australia. In the West, the Anglo-American "life line" to Britain and Iceland had been safeguarded and strengthened; but Germany had commenced long-range submarine raiding operations in our coastal waters. All over the world, ship sinkings were increasing to totals which approximated those of the war's worst months, and freight storage yards at American seacoast cities were clogged with products of the "Arsenal of Democracy" awaiting merchant shipping which could transport them to the fighting fronts.

Thus in less than 90 days the strategic picture of the war had been considerably altered. The United Nations had suffered their worst defeats since the fall of France. As spring approached, the short-range prospects were grim. From the long-range viewpoint, however, the basic factors which have been the strength as well as the weakness of the United States have not in every case been modified by the events of its first three months of participation in a shooting war. We still possess many advantages.

Until December 7, 1941, the military struggle which had been in progress could be described in the truest sense as a battle for the domination of Europe. For more than two years the head-

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lines had been telling of its progress. The Nazi legions had swept across country after country, raising the swastika from the North Cape to the Acropolis. Even the battles in Africa had been, strategically speaking, part of the struggle for the Old World; and the German invasion of Russia came as one of its final chapters. But already the war quite evidently was "growing out" of Europe. Only the unexpectedly stout Russian resistance, which prevented the Germans last autumn from reaching the Caucasus and erupting into Asia Minor, and the lease-lend aid given to Britain by the "non-belligerent" United States, held Hitler within the bounds of Europe. A turning point of some sort thus was at hand even before Pearl Harbor. The military war which had been raging for two years across Europe was about to break the bounds of the Continent, just as the political war, the economic war, the ideological war, had long before become one for the world much more than for a continent.

The Japanese attack on Pearl Harbor did not merely add to the list of belligerents. It enlarged the theater of military operations from a continent to the world. Today, though a number of nations still are ostensibly neutral, there really are no non-belligerents. This has become the greatest war in history, the first to deserve absolutely the term "World War." In one sense it is a war of hemispheres, waged over the continents and the seven seas. In the fullest sense it is total war; it touches all fields, all values, of human interest.

In this war of the world the United States occupies strategically and geographically a central position. It lies behind two great oceans, between a Europe which is virtually dominated by Hitler and an Asia of which the eastern portion is dominated by Japan. We dominate the western shores of the Atlantic and the eastern shores of the Pacific. But the opposing coasts, thousands of miles away, are in the hands of our enemies. Russia also occupies a central position between two enemies, the European Axis states and Japan. But Russia is a great sprawling land mass, in the midst of a continent, with few and precarious gateways to the warm seas and without adequate communications with the other United Nations.

Our strategic position is, in the main, fairly clear. A glance at a world map shows that in *defense* of our continental territory and of the Western Hemisphere as a whole the United States occupies the inestimable advantage of the "interior position." So long as

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our forces remain in the Western Hemisphere they can be moved over shorter distances and by shorter lines of communication than any enemy force which can be brought into play against them. We are operating, as it were, from the center of a circle and can rush our forces quickly to any threatened point on the circumference. The Axis, on the other hand, in order to attack us must come great distances over the seas, moving their forces around the perimeter of the circle.

The advantage of the "interior position" is very considerable in war. The Germans have found it a material factor in producing their European victories. If the day comes when we are fighting with our backs to the wall, it will be important to us also. Under present circumstances it is useless. For defensive actions cannot win wars. The "Maginot Line mind" and the military theories that helped to give rise to it have been proved fallacious. We can say that in general the Third French Republic died because it was obsessed by the doctrine of the timid defensive. Wars can be won only by carrying the fighting to the enemy, by the offensive. In total wars what is demanded is the *offensive à outrance*. This is particularly true in this war. There can be no victory for us if Germany retains control of most of Europe, if Japan creates her "Greater East Asia Co-prosperity Sphere" and holds China's coasts in fief and exploits Malaya's tin and rubber and the rich supplies of the Indian archipelago. We cannot hope to alter either situation by *defensive* operations. Only conquest can counter and redeem conquest. If Germany and Japan are to be defeated, if the world is to resume something like its former political shape, the United Nations, and particularly the United States, by far the most powerful of the partners, must reconquer Europe and Asia. The war must be carried to the enemy.

Once we accept this as an axiom of victory, we must also accept some of the disadvantages that geography has imposed upon us. For in the European theater and in the theater of the Western Pacific and Asia our enemies have the advantage of the interior position, and it is we who must operate over great distances around the perimeter of continents and archipelagoes. To carry the fighting to our enemies, to win the war, we must transport troops, planes, men and supplies in amphibian operations of unprecedented magnitude across thousands of miles of the Atlantic and Pacific. And no matter where we choose to strike, it is Japan in the Far East and Germany in Europe who will be able to move

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their forces the most quickly and over the shorter distances. This is one continuing strategic disadvantage which we must recognize, accept and overcome if we are to win this war.

Yet we still have a great advantage. The United Nations possessed, and still possess, territories and bases in the Western Pacific-Asiatic theater of war and in the European theater. So far, no Axis Power possesses territory or bases in the Western Hemisphere (Martinique and Guadeloupe possibly excepted). This means that so long as we hold bases in the enemy's sphere, and so long as we can deny him bases in the Western Hemisphere, we can carry the war to him but he cannot carry the war to us. Submarine operations off our coasts and occasional air raids on our coastal cities can be conducted from transoceanic bases, but at long range our enemies cannot undertake serious, prolonged, intensive and continuous offensive measures against us at home. So long, moreover, as we hold our overseas bases and keep the enemy from securing bases in this Hemisphere, the factories of our "Arsenal of Democracy," unlike those of any other warring nation, can operate without much fear of prolonged interruption.

Germany and Japan understand this. Their primary strategy has been, therefore, to reduce the bases on which the power of the United Nations depends in the European theater and in the Far Eastern theater. The greatest, most heavily defended and most important of these bases — perhaps the only one which is absolutely indispensable to victory and which must be held at all costs if we are to avert defeat — is the British Isles. As soon as we entered the war, then, we at once took steps to make absolutely sure that Britain will not be cut off. We speeded up the strengthening of Iceland as an air and naval base. Even more significant, the first announced movement of American troops — the equivalent of a National Guard infantry division — was to Northern Ireland. In January this American force was moved rapidly and without loss to positions in Ulster near the naval and air bases which have been developed there by American contractors. They were sent not only to guard the bases; their presence in Northern Ireland was also expected to have some political effect upon Eire's attitude toward the war. Psychologically, too, the arrival of the vanguard of a new AEF was an important event in the continental "war of nerves." These men were the first, perhaps, of an increasing flow of troops to Britain and Ireland and Iceland. For if the war is to be won, most strate-

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gists agree, landings must some day be made, and Allied footholds and air bases established, on the coast of Western Europe.

In the Red Sea-Mediterranean area, meanwhile, American ships, technicians and men speeded work on a project which had been started before the first bombs dropped at Pearl Harbor — the development of a great supply, assembly and maintenance depôt in Eritrea. American technicians and supply experts were also flown in increasing numbers to Africa and the Middle East, where they undertook the development of transcontinental air routes, the construction of docks on the Persian Gulf, and the enlargement of the capacity of the Trans-Iranian Railway as a supply route to Russia and, via the Russian railroads, to China. This whole North African-Middle Eastern area constitutes another of the bases which we shall need in order to carry the war to the Axis. Now that we are at war we are developing it rapidly.

Though the bases of Allied power around the periphery of Europe still were holding at the moment these lines were written, and were being strengthened, the Japanese conquests in the Western Pacific had reduced the number of the bases which we had hoped to be able to use offensively against Japan.

The Japanese assault upon Pearl Harbor, a modern duplicate of the attack on Port Arthur in the Russo-Japanese War, was disastrous in its consequences, though not so disastrous as much loose talk might indicate. We already had transferred to the Atlantic, before that date, a considerable number of ships formerly in the Pacific. We had done this for several reasons — because of the completion of the German battleship *Tirpitz* and the aircraft carriers *Graf Zeppelin* and *Deutschland;* because the *Scharnhorst* and *Gneisenau* and the two German pocket battleships are powerful convoy raiders; because of the incipient menace of the French Fleet; and because of the necessity of strengthening the supply routes to Britain. We thus had accepted a quantitative naval inferiority to Japan. Pearl Harbor did not, therefore, fundamentally and permanently alter the strategic picture in the Pacific; that picture already had been altered by deliberate policy. But the loss of the battleships *Arizona* and *Oklahoma*, and the severe damage done to other capital and lighter units, reduced the ratio of our overall superiority vis-à-vis the combined Axis navies and in the Pacific further increased the Japanese superiority.

Japan's strategical plan, of which the attack on Pearl Harbor was an integral part, was boldly conceived and skillfully executed.

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Its outstanding characteristic was the same as has distinguished all the German operations — complete coördination of effort. Wake and Guam were captured (the former with unexpectedly heavy losses to the Japanese as a result of the brilliant defense by our marines) and our direct line of communications to the Philippines thus was severed. In the Philippines, the two principal airfields on Luzon, where we had been trying to build up a striking force of heavy bombers, were bombed heavily in a surprise attack launched from the Japanese bases on Formosa; and by the second day many of our bombers had been destroyed on the ground. The Philippines also were invaded at a number of points. Simultaneously Hong Kong and Malaya were assaulted.

The pattern of the invasion of the Philippines differed in only two principal respects from what had been expected. The Japanese utilized somewhat more force than had been thought possible; and the American Asiatic Fleet proved to be a more or less negative factor in the defense of the islands. Once the Japanese had established land-based airfields at Aparri, Vigan and elsewhere on Luzon, their huge transport fleets, heavily protected by fighting ships and planes, were able to disgorge troops almost at will. By the new year, in less than a month of combat, General Douglas MacArthur's delaying actions, fought with insufficient troops and inadequate air support, had played their part. Manila was given up and the siege lines were drawn across the difficult terrain of the Bataan peninsula, where a courageous handful of troops — soldiers, sailors and marines; Philippine Scouts and Philippine Army; regulars, National Guardsmen and selectees, some of them with only six months' training — were still fighting and dying as these words were written. American-officered Philippine troops also still held Northern Mindanao. But in general the Philippines could be said to be cut off and hopelessly surrounded. These islands, which "Teddy" Roosevelt once characterized as America's strategic Achilles heel, and which more recently we had hoped to use as an offensive base against Japanese lines of communication, had definitely become a sideshow in a greater game and had been written off.

Hong Kong, it had been hoped, could hold out for months rather than days. Its quick fall was followed by an amazingly rapid Japanese advance down the Malay peninsula. The subsequent fall of Singapore, with the capture of something over 70,000 British troops and much equipment, was the greatest single

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British defeat of the war. These were shocking blows to the strategy of the United Nations in the southwestern Pacific. They were accompanied by a Japanese penetration of Burma, followed soon by a break-through against the British line on the Salween River. At the same time another Japanese claw was reaching out toward the Netherlands East Indies. Following the same pattern of conquest which had given victory to the Germans — establishment of air superiority — Japan seized airfields at a series of strategic points and soon brought under her control nearly all the approaches to Singapore and all the entries into the South China Sea. Her amphibian operations were conducted with great skill and were carefully coördinated to air power. The underestimated Japanese airmen, too, did not restrict the demonstration of their capacity solely to Pearl Harbor, but also sank the British *Prince of Wales* and *Repulse*.

Despite the dispersed nature of these operations, the Japanese probably have not used more than 400,000 to 700,000 troops in the entire southwestern Pacific. However, the small parties that landed from transports in widely-scattered parts of the Malay barrier and swept aside light resistance,[1] were heavily supported by a major part of the Japanese Fleet, organized in task forces, and by overwhelming air superiority. There were other elements also in their successes. There were thorough training and excellent coördination, particularly in amphibian operations; fanatical courage and determination; and a willingness to take great losses in order to achieve great gains. As a result of these combined factors, the Japanese in three months of war surged over the Malay barrier, reduced Singapore, greatest base in the Eastern Seas, and stormed against the gates of Australia and India. Their victories have prolonged the war by postponing indefinitely any hope of our launching offensive operations against Japan from the southwestern Pacific. For over the most important bases in this area now floats the banner of the Rising Sun.

Japan's quick conquests are not to be attributed solely to Japanese strength and skill. They are also attributable to Allied weakness and unreadiness. The Japanese profited by surprise. They also profited by our mistakes. Our Asiatic Fleet, and most of the naval forces of the United Nations in the Orient, apparently adopted a defensive policy — at least until after the relief of Admiral Thomas C. Hart, the American commander, under

[1] For example, not more than 5,000 to 10,000 Japanese troops were used at Tarakan, Borneo.

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General Sir Archibald Wavell, of the combined naval forces in the area. Except for a few submarine successes, our Asiatic Fleet, apparently in accordance with a deliberate decision of policy, made little attempt to fight off the Japanese landings in the Philippines; and though it is fair to note that the evacuation of Cavite was carried out skillfully, it must be added that evacuations do not win wars. What we were fighting for in the Philippines, and in the Outer Possessions of the Netherlands East Indies, was time. To delay the Japanese and to hurt them would thus have been worth the sacrifice of many ships. Yet in the first two months of war not a single American naval vessel had been reported lost in action with the enemy, except those destroyed at Pearl Harbor.

Now wars cannot be won without losing ships and lives. A more daring and costly policy in the Orient might have given us a commodity which is most precious in modern war — time — time to overcome the shock of surprise and the handicap of distance, time to compensate for at least Japan's initial advantages in holding an "interior position," time to organize convoy routes half as long as the circumference of the globe and three to twelve times as long as the Japanese communications, time to build up stores of supplies in Australia, Java, Burma and India and to transport precious reinforcements of all kinds to the theater of action, time for our offensive tactics to produce their full effect of attrition on Japan's all-out effort.

No matter how skillfully our naval power had been handled, however, it probably could not have saved Singapore. The fall of that stronghold was not due simply to lack of adequate naval power, but to gross air inferiority and (as at Pearl Harbor) to an obvious complacency and lack of forethought on the part of the British defenders. They seemingly might have made better use of the forces at their disposal than they actually did make. The Japanese generalship and troop training were both superior to the British. The enemy seems to have developed a form of infiltration tactics by lightly armed men — almost guerrilla units — which is peculiarly adapted to fighting in the tropics and especially in jungle areas. The British, unlike MacArthur's better acclimatized and better trained troops, apparently made the mistake — initially at any rate — of trying to use conventional Occidental methods of fighting in jungle country against an Oriental enemy.

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The full story of those three months of tragedy remains to be told. Even now, however, it can be said with confidence that though the Japanese have won great successes, have severely shaken the prestige of the white man in the Orient, and have greatly increased the difficulty of our task, they are by no means unbeatable. There are other Far Eastern bases for us to use as springboards for attack upon them.

The first and main task is to halt the Japanese surge of conquest, if not at Java then on the coast of Northern Australia and in Burma. Our gigantic long-range convoys across the Pacific, unprecedented in the history of war, have begun to build up stockpiles of materials in Australia; and the supply routes have been strengthened by the garrisons we have placed on the islands along the way. But now that the Japanese are in possession of Malaya and the Indies, their need for oil and other raw materials is largely met, whereas we must transport most of our oil supplies to Australia. Because of this, Australia's rôle will be, for the time being, that of a defensive barrier rather than an offensive base.

Meanwhile we must look to the area India-Burma-China, to our mid-ocean bastion of Hawaii, to the Alaska-Aleutian area, and to the Russian bases in eastern Asia — specifically, Petropavlovsk on the Kamchatka peninsula — as the future springboards for the offensive operations against Japan which we must undertake if we are to be victorious. The pattern of our eventual victory has already, in part, been set; the Fleet's raid upon the mandated Marshall Islands follows the traditional strategy long ago envisaged in case of a war with Japan. Such offensive operations must be, surely will be, extended in scope and power. For this is a war for survival, and only by smashing assaults can we hope to save our lives.

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AUSTRALIA, KEYSTONE OF FAR EASTERN STRATEGY

By George Fielding Eliot

IF the United Nations are to conduct successful military operations in the Far East they require a base. They must have a base to which they can safely transport men and machines and from which those men and machines may be employed effectively against Japan. Such a base must be something more than a mere fortress like Singapore, or a small island like Guam. It must be sufficiently large to accommodate heavy concentrations of air power and to provide enough airfields in sufficient depth to permit the conduct of efficient air operations. Further, in addition to possessing sure communications with remote sources of power, it should have some resources of its own. The greater its own man power, industrial capacity and raw material resources, the less vulnerable it will be to enemy attempts to interrupt its lines of communication and the less likely it is to be carried by assault. Finally, of course, it must be properly situated geographically in relationship to the areas to be attacked.

The island of Great Britain affords just such a base for operations against any continental power of Western Europe. The island continent of Australia affords just such a base for operations in the South China Sea and against Japan.

Allied operations in the Southwestern Pacific now rest upon Australia as a house rests upon its foundations. So long as Australia is held, the United Nations retain the possibility of taking the offensive whenever their fighting strength becomes sufficient for that purpose. So long as Australia is held, the Japanese positions in the islands to the north can never be secure. The present Allied problem, therefore, is to build up in the Australian continent a total striking force superior to anything that Japan can maintain in the islands which she is now occupying or may occupy; when this has been done, the Japanese can be driven out of them. True, the Japanese are nearer to the islands than either the United States or Great Britain is to Australia; but it is also true that Australia can contain and support much larger forces, including air forces, than those islands can.

As the contest goes on, each side obviously will attack and try to interrupt the other's lines of communications. The line of com-

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munications from the United States to Australia by way of Pearl Harbor, Samoa and the Fiji Islands lies very far away from Japan. It can be raided, but it can be severed only if the Japanese are prepared to risk a major fleet action, and can win it. With this in mind, the United States has strongly fortified the island "stepping-stones" along the way. The quality of the heavily armed Marine battalions used for this purpose has already been shown at Wake Island — which was defended by a half-battalion only.

If the Japanese hope to seize these islands by assault they will need to send a fairly strong landing force, with a heavy naval escort including at least one aircraft carrier. Operating at such a distance from their nearest base, they would have to be prepared either to risk losing the expedition if it were attacked by superior American forces, or else to back it up with the main Japanese battle fleet. For them to send their main battle fleet into these far southern waters would be a desperate gamble — the most desperate of the many gambles which they have taken. By their treacherous attack on Pearl Harbor they purchased a certain amount of time in which to make themselves secure in the South China Sea. In other words, they struck at Pearl Harbor in order to make sure that our fleet could not, for the time being, take the offensive in the southwestern Pacific. In this they were successful. But there is no reason to suppose that they obtained a sufficient degree of superiority over our naval forces to justify them in risking a major fleet action in an area 3,500 to 4,800 miles from their home bases. Nor has our recent raid on the Marshall and Gilbert islands made such an undertaking any easier for them.

There is another route by which supplies and reinforcements can reach Australia — around the Cape of Good Hope and across the Indian Ocean.[1] At present, this is the main line of communication from Britain to Australia and it also is used for shipments from our East Coast ports. A Japanese break-through into the Indian Ocean will menace it seriously, for there are no adequate Allied bases in this whole area. The nearest fleet bases are Sydney, in southeastern Australia, and Simonstown, in South Africa. The lower tip of India is over 5,000 miles from the first and more than 4,400 from the second.

The Indian Ocean does, however, possess three good harbors,

[1] *Cf.* the map "The Strategy of the Indian Ocean," facing the first page of the present issue of FOREIGN AFFAIRS.

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with fortifications and fuel storage, which might in time be developed into naval bases. One is at Trincomalee in Ceylon, another is Fremantle in southwestern Australia, the third is the island of Mauritius, about halfway between India and Cape Town. If the Japanese continue the tactics which have served them so well thus far, we may assume that they will seize the earliest opportunity to direct a heavy attack against Ceylon, and will endeavor to seize all the strategically placed islands in the Indian Ocean, such as the Cocos group and the Chagos and Laccadive Archipelagoes. Nor must we forget the possibility that at a given moment the Vichy Government may permit Japan to use the French naval base at Diego Suarez, in Madagascar.

What naval power can our side marshal to beat back Japanese naval operations against our lines of communication in the Indian Ocean? Here we must take into account the heavy existing naval commitments of the United Nations in other areas. The forces already occupied include those which are: (1) patrolling the North Atlantic and convoying ships on the vital line to Great Britain; (2) convoying across the South Pacific to Australia; (3) in British waters, watching the German fleet; (4) in the Eastern Mediterranean, engaging in active operations against Axis communications with Libya and watching the Italian fleet; (5) in the Western Mediterranean, watching the French naval forces in Toulon and on the west coast of Africa; (6) in the Pacific, engaged in active operations against Japan; (7) in other areas performing the multitudinous convoy, patrol and other activities required to safeguard Allied maritime communications, including the protection of American coastwise and inter-coastal shipping.

In view of these far-flung operations, none of which can be abandoned, the strain of taking extensive naval measures for the protection of shipping in the Indian Ocean — all the heavier because of the lack of good bases in that area — will tax Allied resources to the full. The one bright spot in the picture is the fact that the Japanese seem, at the time of writing, to have had 19 cruisers sunk or badly damaged out of the total of 35 or 36 with which they began the war. In view of the tasks they face in the Pacific, this does not leave them many cruisers to devote to raiding in the Indian Ocean. However, they can utilize armed merchantmen and long-range submarines for that purpose, to say nothing of converted aircraft carriers, which might prove particularly effective for attacks on merchant shipping.

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If the Japanese could establish themselves securely in Vichy-held Madagascar or in the Seychelles Islands they would stand squarely athwart the main line by which the British and ourselves at present send reinforcements and supplies to the Allied forces in the Middle East and North Africa, as well as, via the Persian Gulf, to 'Iraq, Iran and the Caucasus and also to some extent to Russia. Interruption of this flow of supplies might well condemn the British defense of Egypt to failure, especially if at the same moment the Germans succeeded in closing the Mediterranean by making their long-heralded entry into Spain. Equally bad would be the consequent weakening in the Allied support now being built up behind Turkey and in the Caucasus, leaving those areas an easier prey to a German spring offensive.

The rôle Australia can play in warding off the foregoing evil developments is to serve as a base for Allied naval forces. The direct "Great Circle" route from Cape Town to Adelaide and Melbourne seems to lie outside the radius within which Japanese raiders can act most effectively. If Fremantle could be well-equipped and were well defended; if Ceylon could be held; if means could be found to anticipate the Japanese in Madagascar, regardless of the tender susceptibilities of Vichy; if the Allies and not the Japanese are able to use the Chagos and Seychelles islands — if these things could be achieved, then the Indian Ocean might still be made reasonably safe for Allied shipping.

Meanwhile, Australia's first assignment is to defend itself until offensive striking power can be developed there. Japan's success in piercing the Netherlands Indies shield was a hard blow in this respect. Now the points most in jeopardy are the ports of Darwin, on the north coast, and Fremantle, on the west coast, both of which have naval and military installations. As the accompanying map shows, Darwin is the only place in North Australia which has any land communication with the main centers of the country. Today it is exposed to direct attack; and since Sydney is more than 3,000 miles away by road and rail the Japanese may be able to neutralize it with comparatively small forces. Not only is Darwin distant from the main centers of Australian life; such communications as exist are very inadequate. There is no through railroad; and the stretches of railway which exist (connected by a highway) are themselves broken into separate sections by changes in gauge. Thus goods or troops proceeding from Sydney to Darwin must be transshipped at Broken Hill or at Albury and again at

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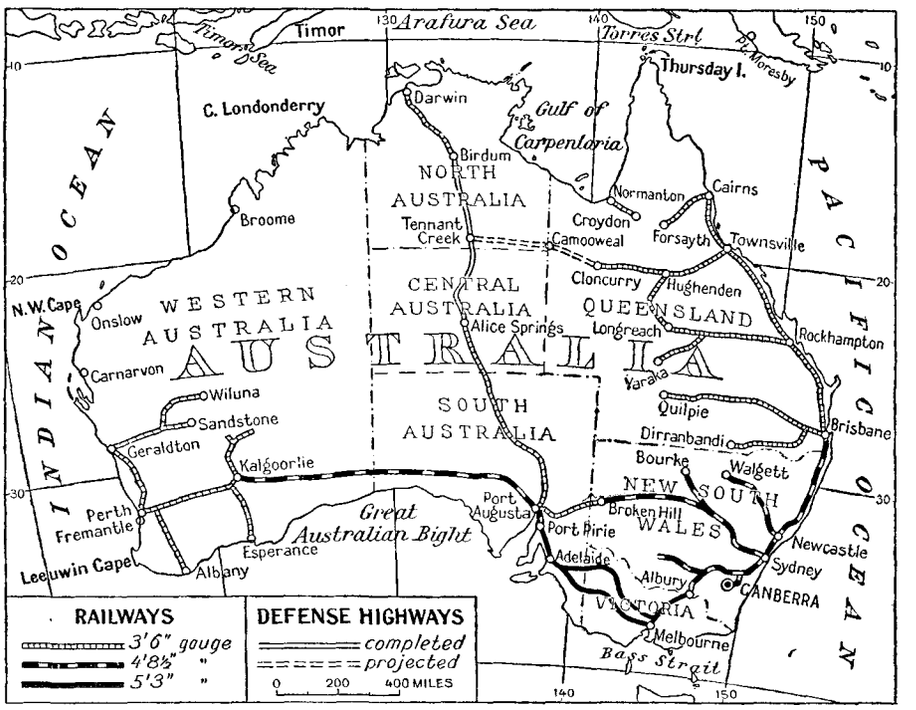
Port Pirie; must be transferred from rail to truck at Alice Springs; and must be transferred back from truck to rail at Birdum. The Northern Australia Railway is narrow-gauge and has limited rolling stock. Until more and better roads can be built and more motor-trucks supplied the task of defending Darwin will remain



difficult. However, that task must be attempted, as Darwin is one of the only two doorways through which fighting power which has been developed in the main centers of Australia can be sent in a westerly or northwesterly direction against the enemy.

Australia's other door on the Indian Ocean is the port of Fremantle. There are direct rail connections from Sydney and Melbourne to Fremantle, but here again breaks in gauge complicate the handling of through shipments.[2] Fremantle has some fortifications, some oil storage tanks, and anchorage and berthing space for the largest ships. There is no dry dock, however, and facilities

[2] Three different gauges are encountered between Sydney and Fremantle. It has been proposed to alter the South Australia Railway between Broken Hill and Port Pirie to standard gauge (4′ 8½″), which would leave only the change of gauge at Kalgoorlie. However, no information is available to indicate that the plan is as yet being put into operation.

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for carrying out naval repairs do not exist. A great deal of work would have to be done, therefore, before it could be regarded as a naval base.

Unfortunately there are good landing places up and down the coast from Fremantle, which means that if the Japanese gain full freedom of action in the Indian Ocean they might consider it worth while to land in Western Australia, destroy the port and railway installations at Fremantle, and perhaps attempt to occupy temporarily the port and neighboring city of Perth. But they would find this a much more ambitious enterprise than an attack on Darwin. Their communications would be 1,700 or 1,800 miles longer; and the Australians should find it possible to concentrate much stronger forces of resistance in Western Australia than in the Northern Territory.[3] In the end, whether Darwin and Fremantle could be successfully defended or not would very probably turn on the question of relative air power. It ought to be possible to collect a considerable air force at both points to meet any Japanese attack.

Further north, along the coast between Geraldton and Darwin, are many spots where Japanese forces might land. But there are no railroads in this whole region, the communications by road are scanty, and the desert interior is so inhospitable that the enemy would find little reason for landing on this coast unless it were to establish air bases which could be utilized to cover more important operations elsewhere. This was their procedure in Luzon, Malaya and the Dutch East Indies. However, they might also see advantages in seizing the airfield at Onslow, which is the Australian terminus of the air route across the Indian Ocean from Mombassa, in Kenya, via the Seychelles, Chagos and Cocos islands.

Australia is a very lopsided continent in population and economic development; and this fact, and the paucity of internal communications and the vast distances to be traversed in any general movement of troops or supplies, condition every aspect of the problem of defense. Most of the seven million Australians live in the southeastern coastal belt extending from Brisbane around to Adelaide; in Victoria the density of population is over 2,000 per

[3] About 350 miles south of Fremantle, around the southwest corner of Australia, lies the port of Albany, on King George Sound — a magnificent harbor. To the north is Geraldton. Both have rail connections with the main Australia railway system. To cut these connections the Japanese would have to advance 170 miles east of Perth. Neither Geraldton nor Albany has anything in the way of naval facilities at present. They are mentioned merely as possible spots for future bases.

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100 square miles, whereas in Western Australia it is only 45, and in North Australia it is less than one. In the southeastern area are located most of the industries, and there, also, are the principal seaports. This means that Australia's own military resources as well as most of the supplies which it receives from abroad have to be moved either by sea or land from this southeastern zone to the particular points where they are needed. In hostilities against Japan these points seem likely to be Darwin and Fremantle.

However, the very obstacles which impede the development of a flow of offensive power northward and westward in Australia, and hence from Australia outwards against an enemy in the Netherlands Indies and the Indian Ocean, also put obstacles in the way of an invader coming from those directions. The waterless condition of most of the interior bars it for large troop movements. Probably the high command of the United Nations would be delighted to hear that the Japanese had landed 200,000 troops, let us say, in Western Australia, and were preparing to try to maintain them there. Moreover, it would be very risky for the Japanese to make direct attacks on the large ports and centers of population on the east and southeast coast unless they had previously obtained full possession of the French islands of New Caledonia and the New Hebrides (fortunately now under Free French government), and had succeeded by air attack in neutralizing all Allied forces in the harbors of New Zealand. Raids by means of aircraft carriers on cities like Brisbane and Sydney would be possible, though risky.

But after making due allowance for the difficulties attending a Japanese invasion, we still must emphasize the fact that Australia's own resources are not adequate in themselves to enable it to maintain a prolonged defense. If it is to serve as a great Allied base, not only must it develop and improve its own facilities, but the United States and Great Britain must reinforce its army with great numbers of men and they must ship in vast quantities of war materials.

Here again we come back to the factor of distance, which intrudes into the discussion of every Australian problem. True, it is 4,300 miles from Yokohama to Sydney. But it is 11,800 miles from New York to Fremantle around the Cape of Good Hope, and about the same from Liverpool; while it is 6,400 miles from San Francisco to Sydney, and 7,600 miles from Panama to Sydney. Across these vast distances must move every man, plane, gun

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and ton of ammunition sent to Australia from the United States or Great Britain. Except for the long-range bombers which can fly across the Atlantic or the Indian Ocean by island "stepping stones," all troops and supplies must move in merchant ships which average 10 or 12 knots an hour. And all of these must be escorted and protected by naval vessels and aircraft. Interoceanic operations on such a scale are subject under the best of conditions to great delays. In addition, there will be delays resulting from enemy operations, actual or threatened. And the troops and materials arriving at last in Australia must be distributed across a continent as big as the continental United States and deficient in railroads and highways.

One of the first tasks of the Allies will be to drive the Japanese out of the positions they have seized in the great island of New Guinea and in the adjacent archipelagoes. This must be done in order to make the east coast of Australia and the communications lines across the South Pacific reasonably safe from Japanese raids. Later, other offensive operations will be called for, both northward and in the Indian Ocean. As Australia receives help, its own offensive power will of course grow. But both in winning back lost positions and later in turning to the offense we must help its forces to the full limit of our capacity. For the possession of Australia is necessary if we are to have the mastery of the Pacific and Indian Oceans; and on the mastery of those oceans are built our hopes of eventually smashing Japan.

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INDIA'S FIGHTING STRENGTH

By Sir Shanmukham Chetty

ONE of the first public acts of the newly appointed Agent-General of the Government of India at Washington was to sign, on India's behalf, the joint declaration in which the United Nations set forth their determination to fight together for the purposes and principles embodied in the famous Atlantic Charter. India has thus become a partner of the United States in a common cause. Moreover, by virtue of her strategic position in the East, and her great resources in man power and materials, she must be considered a major partner. It thus becomes of interest to Americans to know something of what we in India think of this struggle; what we have already done in helping our common cause; and what we are capable of contributing to the achievement of the final and decisive victory.

The attitude of India towards this Second World War was made clear beyond any doubt from the first day of the hostilities; and at every subsequent stage leaders of Indian public opinion, representing different communities and political parties, have unequivocally condemned the pernicious doctrines, aims and methods of the totalitarian Powers. Those familiar with our history and traditions will not be surprised at this. The whole spiritual and cultural tradition of India has rested on belief in, and practice of, peace, tolerance and goodwill. Among all the great countries of the world India almost alone has a clean record in the long annals of conquest and aggression. She has herself been a victim of external invasions through the ages. But she has never in history launched a single campaign of conquest against her neighbors.

India's attitude toward the war, already unmistakable, became even more fixed after the entry of Japan into the conflict. At one time Japan was greatly esteemed and admired by India as the first Oriental nation to assert and maintain a position of equality among the Great Powers of the world. It was the fashion to point to the Japanese as the model for Indians to follow in shaping their destiny. Indian Nationalists dreamed and talked of a Pan-Asiatic Federation in which China, Japan and India would play a great part as the leaders of the Orient. This friendly feeling towards Japan received a rude shock when she launched her

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brutal and unprovoked aggression against the peace-loving people of China. And subsequent events, culminating in the colossal treachery at Pearl Harbor, have completely disillusioned the Indian people about Japan's real objectives. Every Indian now feels that the "East Ocean Dwarfs" (to use the Chinese expression for the Japanese) are a real menace to the freedom of the Oriental peoples and that everything humanly possible must be done to ensure that they will never more be in a position to disturb the peace and tranquillity of the East.

The recent visit of General Chiang Kai-shek to India gave a powerful indication of the country's strategic importance in this conflict. With Japanese forces pushing their way towards the Indian Ocean and Hitler's armies concentrating on the shores of the eastern Mediterranean, it appears that the plan of the two Axis partners may be to join their forces in or near India. Considered from this point of view, the question of India's fighting strength becomes highly significant. It is not merely necessary to strengthen the fighting forces in India; it is also essential to reinforce India's capacity to supply war materials to her own army and also to the Chinese, the Dutch and the Australians on the one side and to Russia, Iran, 'Iraq and Egypt on the other.

Under modern conditions the military strength of a country depends on four main factors: (a) man power; (b) supply of food; (c) resources in raw materials; and (d) industrial capacity. The present and potential strength of India in all these matters is immense, as the following pages will show.

II

India has an area of over a million and a half square miles and a population, according to the census of 1941, of 389 millions. At the beginning of the war in September 1939, she had a larger number of highly trained regular troops than the whole of the rest of the British Commonwealth put together. The strength of the peacetime army of India was approximately 160,000, excluding the British troops. This nucleus afforded a splendid basis for quick expansion to meet the necessities of the war. Today the strength of the Indian Army is over one million men, and it is expected that very shortly the army will be expanded to one and a half million. This great army has been raised without conscription and purely on a voluntary basis. The scope for still further increases in strength is governed only by the availability of the

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necessary equipment. Provided a constant supply of modern equipment can be maintained, India alone of all the countries of the British Commonwealth has almost unlimited capacities for the expansion of her fighting forces.

The strength of the Indian Army is to be judged not merely by its numbers, but by its quality. Its great fighting traditions have been maintained by the magnificent achievements of Indian troops in the various theatres of the present conflict. The world has already been made familiar with the part they played in the destruction of the Italian Empire in Africa and with their exploits in various parts of the Middle East. Of the Indian Army's contribution, General Sir Archibald Wavell observed last November: "The reputation of the Indian Troops has long been firmly established and today it stands very high indeed in the world. Their record so far is entitled to the highest praise, and I am confident that in the even greater rôle they may soon have to play they will acquit themselves splendidly."

In assessing the value of the Indian Army as a fighting force we must remember that it is not primitive and ill-equipped but fully trained and equipped to take the field against the highly mechanized armies of the enemy. A number of new training centers have been established in India, and the recruits have responded wonderfully to training in all the various categories. Today the field army of India consists not merely of infantry divisions on both the higher and lower scales of mechanization, but also of armored formations and communication troops, including a large amount of mechanical transport. In a speech delivered in the House of Lords on February 3, 1942, the Duke of Devonshire, Under-Secretary of State for India, observed: "The technical equipment of the Indian Army is much in excess of anything that was dreamt of before the outbreak of war, and the Indian Army is supplying vastly larger proportions of technical personnel required to keep a modern army in the field than has been the case in the past. In the last war only two percent of the technical personnel required was supplied from India; today she has supplied over 20 percent, and it requires rather more than four times as much training and equipment to keep a modern soldier in the field than in the last war." A single illustration which shows how the Indian Army has expanded along modern lines is that its mechanized transport has increased about 1,300 percent over the prewar figure.

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One may safely assert that if the required supplies of certain categories of weapons, vehicles and stores unobtainable in India are forthcoming, the men to use them efficiently and effectively can be raised and trained.

III

A vast population is a handicap rather than an asset if it cannot be fed without turning to overseas countries to obtain essential supplies. Fortunately India is in a strong position on this score. Not merely is India self-sufficient for feeding the civilian population in wartime, but it has surplus food capacity to maintain its armies abroad.

The staple articles of food in India are rice, wheat and millet. There are 72 million acres under rice cultivation in India, producing over 30 million tons of rice per year. There are 35 million acres under wheat cultivation and the annual output is over 10 million tons of wheat. In addition, over 50 million acres are under cultivation of various millets. India is also one of the greatest sugar producing countries in the world. There are three and a half million acres of land under sugar cane cultivation, with an annual output of white sugar of one and a half million tons. Tobacco, which today is to be considered a necessity rather than a luxury, is also grown in abundance; the annual output is one and a half billion pounds.

Other essential articles of food are also produced in sufficient quantities for us to be able to say that in the matter of her food supply India has no need to turn to any outside source.

IV

As for raw materials, India not merely has an abundance of various types but has many of those particular types required by modern industry. Coal and iron, the two basic materials of all industries, are found in great abundance. The present annual output of coal is approximately 30 million tons. Moreover, geological surveys have disclosed that there is an almost unlimited supply of high quality coal in various parts of the country; one field in the Central Province of India alone is estimated to contain a supply of 17 billion tons. In iron, the annual output is now about three million tons. Here again the potential wealth of the country is enormous. A single district in the Province of Behar, for example, is estimated to contain over three billion tons of iron ore. The

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quality of the Indian iron ore is found to be of a very high grade, containing 60 percent pure iron. Manganese ore and mica are two other minerals which are found in abundance. One-third of the world's output of manganese ore is from the Indian fields, which produce at present over a million tons of ore per year. India is the world's largest producer of sheet mica. Three-quarters of the world's supply of sheet and block mica comes from the Indian mines. Besides these essential materials, there is also a plentiful supply of bauxite, ilmenite and chromite. On the other hand, India is poor in zinc, lead, tin and copper.

Other basic raw materials which are produced in large quantities in the country are cotton, jute, wool, hides and skins, and vegetable oils. India, the original home of the cotton plant, is today the second largest producer of cotton in the world with an output of seven million bales per year. In spite of attempts to find substitute materials, jute still remains the cheapest packing cloth in the world. And in jute India occupies a unique monopoly which has not yet been successfully challenged by any other country. Her annual production of raw jute is nine million bales. India is also a large-scale producer of wool, especially of carpet wool. Out of the total world production of 430 million pounds of carpet wool per year, India accounts for over 100 million pounds. One-third of the world's cattle population is in India and vast quantities of hides and skins are produced every year — 20 million cattle hides, 6 million buffalo hides, 28 million goat skins, and 20 million sheep and lamb skins. India is also the world's largest supplier of oil seeds. About three million tons of ground nut seeds are grown per year, and there is a yearly output of 340,000 tons of ground nut oil. Other important oil seeds produced are linseed, castor seed, rape seed and sesamum. About one million tons of oil extracted from these seeds are exported to outside countries, over and above the large quantities reserved for home consumption.

V

Fortunately, although India usually is classified among the great agricultural countries, her industrial capacity also is very large, both actually and potentially. According to the International Labor Office in 1919, India even then ranked among the eight great industrial nations of the world. In the ensuing 20 years industrialization has gone ahead at a rapid pace. Following the investigation conducted by a fiscal commission in 1920, the

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Government of India adopted a policy of fostering industries under a discriminating protective tariff. This policy has resulted not merely in the expansion of industries already in existence but in the building up of a variety of new industries.

The cotton textile industry is of course India's largest national industry. A large number of modern textile mills work over 10 million spindles and 200,000 looms and produce on the average four billion yards of cloth yearly. In addition, the handloom industry, which still thrives, produces over two billion yards of cloth per year. If all the textile mills were placed on a double shift, the mill production of cloth could be increased by another two billion yards. Thus the country's potential production of cloth is about eight billion yards a year.

All the cotton cloth required for the uniforms used by the Indian Army now comes from Indian mills. These mills have supplied not merely the whole requirements of the Indian Army, but have made available large quantities of cloth for the uniforms of Imperial troops in other countries. During one week in September 1941, the Eastern Group Supply Council placed orders with Indian mills for 18 million yards of textiles for the uniforms of Imperial troops in Australia, New Zealand, South Africa and Singapore. Besides the cotton textiles, Indian mills and handloom factories have supplied very large quantities of woolen blankets for the use of the Indian Army and other Imperial troops.

Even before the war, India had a well-organized steel industry producing 750,000 tons a year. That production has now been stepped up to over a million tons, and in the near future Indian production will be over one and a quarter million tons. The Tata Iron & Steel Works at Jamshedpur — the product of coöperation between an Indian capitalist and American engineers — is one of the most modern steel plants in the world. The Indian production of pig iron now amounts to over two million tons, of which about a quarter is exported to the United Kingdom.

Though the total Indian production of finished steel may appear small in comparison to the American volume, it nevertheless has already played a very important part in meeting the demands for munitions not merely for the Indian Army but for the Imperial troops in the Middle and Far East. All the steel available in India has been brought under a system of rigid control by the Government; 90 percent has been made available for the manufacture of munitions and other war materials, and 10 percent

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only is allotted to civilian use. Even so, India's domestic production of steel has to be supplemented by some imports from the United Kingdom and the United States. About 600,000 tons of imported steel is required to meet the demands of the purely war industry at present organized in India.

As soon as the war broke out the Government of India took immediate steps to mobilize the country's entire industrial resources. The Ministry of Supply in the United Kingdom sent out a mission, under Sir Alexander Rogers, which made a detailed survey of the existing and potential industrial capacity of India and recommended 21 major projects. Of these, 19 were actually sanctioned and many were completed within a short time. The existing ordnance factories were expanded in order to increase the production of weapons and ammunition, and the well-equipped railway workshops throughout the country were turned over to war production. It was also found that India possesses a considerable capacity for making general stores and clothing, and steps were taken to utilize this capacity to the fullest possible extent.

Another long step towards effectively mobilizing the resources of the country was the summoning of what is known as the Eastern Group Supply Conference. This Conference, consisting of representatives from Australia, New Zealand, South Africa, India, Burma, Ceylon, East Africa, Southern Rhodesia, Malaya and Hong Kong, was called in October 1940 by the Government of India in order to coördinate the existing and potential productive capacity of the participating countries to the fullest possible extent. The supply needs of each participant were to be met within the group, with the deficiencies of one being made good from the available resources of the others. Early in 1941 a standing committee of the Conference was established, known as the Eastern Group Supply Council. It has demonstrated how effective regional coöperation can become in wartime.

VI

A few illustrations will show the success of India's efforts since the beginning of the war to increase the supply of essential materials. Thus the production of small arms and ammunition has been stepped up from six million units per month to 16½ million units per month. The clothing factories in the country now turn out more than eight million tailored garments a month for the use of the army. During the first 18 months of the war the Gov-

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ernment's purchases of textiles for army use amounted to $175,000,000, and in the same period it bought four million pairs of army boots. The value of the annual supply of leather goods for the army from Indian factories now reaches about $60,000,000. In the prewar period, India supplied only 25 percent of the medical stores required for the army; today she supplies 60 percent. In general, it is calculated that over 50,000 different kinds of articles are required to equip a modern army. India now supplies over 37,000 of these items.

In considering these illustrations of the manner in which India has been expanding her resources to meet the needs of the war, one should not forget that during the last two years she in addition has exported increasingly large quantities of manufactured goods for the equipment of Imperial troops in various theaters of war. Indeed, the total value of exported manufactured and semi-manufactured articles has risen from 475 million Rupees in 1938–39 to 815 million Rupees in 1940–41. India is now looked upon as a great arsenal of supply for the countries participating in the Eastern Group Conference.

But although India's factories produce considerable quantities of textiles, leather goods and medical and miscellaneous engineering stores, she has to depend on the United States and England for certain basic supplies like machine tools and high grade steel. Nor does India as yet manufacture internal combustion engines or wireless equipment. Despite the fact that the engines themselves are not manufactured in the country on a large scale, various parts of these machines are nevertheless turned out. Take the case of trucks. The entire body is built in India from Indian materials, and the finished product is assembled in local factories. This not merely reduces the strain on the productive capacity of American factories, but results in considerable saving in shipping space. With the lend-lease help now being generously given by the United States, the capacity of India for supplying essential war materials will of course be still further augmented.

The expansion of industry naturally requires not merely an increase in the supply of raw materials, plant and equipment but an increase also in the number of technicians and trained workmen. Here we find that the Indian people's tradition of hereditary craftsmanship stands them in good stead. The average Indian, it has been discovered, can be trained expeditiously for handling modern workshop machinery. Over 300 centers for training tech-

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nicians were started in India and over 48,000 technicians have already been trained in them. In addition, batches of young Indians were sent to workshops in England for training under a scheme inaugurated by the British Minister of Labor, Mr. Ernest Bevin.

Even such a brief outline will have shown how earnestly India has undertaken the task of mobilizing her vast resources in men and material. Today the entire economy of the country has been geared to the demands of wartime. The low standard of living of the Indian people in time of peace offers but a narrow margin for the curtailment of the civilian needs under war conditions. Notwithstanding this limiting factor, certain steps are being taken. A rigid control has been placed on all imports. The production and distribution of essential war materials are under the control of the Central Government. Restrictions have been placed on railway travel. As already noted, only 10 percent of available steel is allotted to purely civilian use. The tax burden has been greatly increased, and today 87 percent of the revenues of the Central Government are spent on the defense services. To get a true appreciation of the financial contribution involved, account must also be taken of the voluntary subscriptions to the various war funds, the expenditure incurred by Provincial Governments, and the magnificent help given by the Indian Rulers from the resources of their respective States. When the full story of India's contribution to this war is unfolded in proper time, it will be found that in all respects she has played a part worthy of her great traditions.

VII

Though she is concentrating on the needs of the war, India, like the other great belligerents, is fully alive to the magnitude of the economic and political problems which the world will face when the fighting is over. When that time comes, it will be found that India's industrial capacity has enormously increased. In a rationally organized world economy, however, this ought not to present any serious problem to the other industrialized nations. In fact, it will be necessary to raise the living standards of countries like India and China if the surplus productive capacity of a great industrialized nation like the United States is to be absorbed. With a higher standard of living, and consequently an increased purchasing power, the vast millions of India and China

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would be the potential consumers of the surplus production of American and other foreign factories. It is in the collective prosperity of all the nations that those which are highly industrialized countries must seek economic security.

The political problems of the postwar world are bound to be fully as difficult as the economic ones. Judged by the results, the League of Nations failed in its primary task of establishing and maintaining collective security. It will be the task of statesmen to analyze the causes that led to this failure. It may be found that the highly centralized character of the League was partly responsible. Many students agree that the origin of the present war was in the Japanese aggression against Manchuria. When it occurred, many members of the League did not fully appreciate that an act of violence in a region so remote from Geneva might endanger the peace of the whole world. Now it is seen that this successful aggression by Japan was the first breach in the citadel of collective security. Some decentralization of the machinery of collective security will probably be necessary in the future. Perhaps it can be placed on a regional basis, with the task of preserving peace in each area entrusted to a strong group of nations in that area. If the East is to be organized as one zone for this purpose, India and China must be made politically strong and entrusted with the responsibility of preserving the peace of the region.

India's own political future will be one of the problems which will require the earnest and sympathetic attention of the great democracies. In a famous dispatch written about a century ago, Lord Macaulay made the following observation about the people of India: "Having become instructed in European knowledge they may in some future age demand European institutions. Whether such a day will come I know not. But never will I attempt to avert or to retard it. Whenever it comes, it will be the proudest day in English history."

The proud day came much sooner than Macaulay anticipated. Within half a century of his prophecy, the political consciousness of India was awakened. Today, every Indian looks forward to the establishment in his own country of those free political institutions which the great democracies of the world are shedding their blood to preserve. England has given the pledge that at the end of this war India will be given the same political status as the great self-governing Dominions like Canada, and that she will have a

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constitution framed by Indians themselves. Notwithstanding the controversies that have arisen over this problem in the past, India looks to the future with hope and confidence.

Some statesmen have sought to interpret the Atlantic Charter in a way that would minimize its apparently clear promises. India has taken it to be universally applicable, without distinction of race or color. As one of the two signatories to this new Charter of human liberties, the United States has assumed moral responsibility for translating its principles and ideals into concrete action. It may be that even in the solution of the domestic problems peculiar to India, the existence and difficulty of which no Indian would deny, the United States may be able to hold out a helping hand. In its own history the United States has set a magnificent example of successfully merging diverse interests and nationalities in a common citizenship. With this inspiring example before them, let us hope that the people of India and the people of the United States, joined today as comrades in arms, will in the future be fellow workers in the task of reconstruction.

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OUR ECONOMIC WARFARE

By Percy W. Bidwell

ECONOMIC warfare has the same purpose as warfare in the field — to beat our enemies. Since December 7, 1941, we have been openly at war. All our forces, military, economic and moral, are now engaged, without disguise and without qualification. But even before the attack on Pearl Harbor we were using economic weapons to weaken our potential enemies and to help our potential allies. In the two-year interval of non-belligerency, we set in motion various emergency devices to control our international economic relations: export control, the freezing of foreign funds, blacklisting, shipping control. At first we used these economic weapons defensively, hoping that with their aid we might ward off a fighting war. But as the Germans overcame the European democracies, one after another, and the Japanese pushed farther down into southwestern Asia, that hope gave place to the conviction that eventually we would have to fight the menace to our way of life with all the weapons at our command. Thus economic warfare was converted from a substitute for fighting into a preparation for armed conflict.

We are continually reminded that this war does not repeat the conflict of 1917–1918; and indeed the contrast is striking in the field of economic warfare. Before April 6, 1917, when Congress declared war, we had taken practically no measures of economic preparedness, and at least a full year was required to bring into effective action the weapons of economic attack. But on December 8, 1941, our foreign trade and financial relations were already controlled by administrative agencies set up months in advance. Every foreign business transaction had already been placed under a system of licensing, designed to permit only such transactions as promoted national defense or were otherwise "in the national interest." In a gigantic Lease-Lend program, moreover, we had appropriated $13 billion for the aid of countries which were the object of aggression, actual or potential, and had already begun shipments of munitions, machinery and food for these purposes to over a dozen countries as widely separated as Brazil and 'Iraq. Finally, as early as August 1941, we had established the Economic Defense Board, to coördinate our new economic actions in the international field.

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This is why as we look back at the crowded record of events of the first few weeks of this war we find there was little need for immediate action on the foreign economic front. We did freeze the funds of Thailand, and we proclaimed a blacklist of 700 Japanese firms in Latin America. We changed the name of the Economic Defense Board to "Board of Economic Warfare." The President invoked the war powers granted him under the 1917 Trading with the Enemy Act so as to operate more directly the controls of trade, finance and communications which had already been set in motion. But, on the whole, very few new powers and little new machinery were necessary. Except in one vital matter, the provision of adequate reserves of strategic materials, we were fairly well mobilized for operations against our enemies on the economic front.

To sum up: in 1917, we first got into a shooting war and then began fighting on the economic front; this time, we had been waging economic warfare for well over a year before we began actual hostilities.

I. THE BEGINNINGS OF EXPORT CONTROL

The outbreak of war in Europe in September 1939 found the United States short of raw materials essential to its rearmament program. Yet an active reëxport trade, principally to Russia, was under way in materials such as tin and rubber which we ourselves had imported. The British Government showed a lively interest in checking this trade, fearing that essential war materials were eventually finding their way via Russia into German or Italian factories. An initial attempt to check reëxports by moral suasion was not successful. The President's request of September 26 not to reëxport rubber, tin, manganese and chromium, although heeded by regular traders, was largely ignored by speculators. In contrast, the President's request that exports of aluminum and molybdenum be discontinued met with a prompt compliance. National defense was the dominant aim in these early attempts to restrict exports by extra-legal means. In each case, however, the shutting off of supplies of critical war materials also tended to weaken somewhat the striking power of an aggressor nation.

In the spring of 1940 the fall of France and Britain's dangerous plight caused the United States to awake more fully to the Nazi menace. It soon became obvious that for *effective* export control a law was needed with teeth in it. This was forthcoming in the

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Act of July 2, 1940, which authorized the President "to prohibit or curtail the exportation of any military equipment or munitions, or component parts thereof, or machinery, tools, or materials or supplies necessary for the manufacture, servicing, or operation thereof . . ." On its face, the section quoted reads like only limited control. But in a *total* war practically every commodity entering into foreign trade is important, directly or indirectly, to the war effort. So it is not surprising that export control was steadily extended until before December 1941 at least 95 percent of all goods shipped out of the country required licenses.

From the outset, the granting or withholding of export licenses was not determined solely by the demand-supply situation for the goods in question in the United States. Considerations of foreign policy were also present, although not officially stated. For example, in July 1940 it was generally known that licenses could be obtained for the export of machine tools to Great Britain, but not to Japan. The selective character of export control was officially recognized in three limited embargoes: on aviation gasoline, proclaimed July 31, 1940; on iron and steel scrap, all grades, September 30, 1940; and on iron ore, pig iron, ferroalloys and certain iron and steel products, December 10, 1940. Each proclamation announced that licenses for the products listed would be issued only for exports to the nations of the Western Hemisphere and Great Britain. The President's authorization on January 16, 1941, of general licenses simplified the administration of export control, and at the same time further clarified the underlying policy. General or "blanket" licenses were at once issued for trade with the United Kingdom and Canada; later, general licenses of a more limited character were issued for trade with a number of countries, including Brazil, Argentina, Cuba and Soviet Russia.

Licensing exports to Latin America proved a thorny problem. Cut off from their usual sources of supply in Germany and other European countries, our southern neighbors soon developed shortages in many lines of consumers' goods as well as in machinery and equipment. They looked to the United States to supply their urgent needs, and, for the first time in a decade, owing to our huge purchases of copper, wool, tin and many other primary products, they had plenty of dollars. They resented our restriction of exports; on the other hand, business men in the

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United States whose operations were badly cramped by priorities protested against exports of machinery and materials to Argentina and other Latin American countries where their use was unrestricted by any priority regulations. The solution of the difficulty was sought in a formula. Mr. Sumner Welles gave assurance, August 25, 1941, that "goods of which the United States is the principal or sole supplier . . . will be made available on an equal basis to the people of the other American republics as liberally as they are to the people of this country." In practice, this statement meant that after the requirements of our Army and Navy and those of the Lease-Lend program had been met, exports to Latin American countries should rate equally with the needs of industries supplying civilian consumers in the United States. This was not a hard and fast rule, however, and in particularly urgent cases (*e.g.*, steel, chemicals and certain types of machinery) exports have been accorded preference.

Priority ratings assured Latin American buyers that their needs would receive attention according to a certain order of preference, but gave them no assurance that when prior needs had been satisfied anything would remain for them. They asked that fixed quotas of certain commodities be allocated to them. The first of these allocations was made on December 2, 1941, when 218,600 metric tons [1] of tin plate were set aside as a twelve-months' export quota to meet Latin American needs. Allocations were later announced on 26 commodities, assigning the amounts which it was permissible to export during the first quarter of 1942.

Usually one of the major aims of strategy in economic warfare is to influence the actions of neutral states. How far our export control actually has been used for this purpose cannot be determined. Limited quantities of petroleum products [2] were allowed to go to Spain in an effort to keep that country from entering the war on the side of the Axis powers. In the hope of bolstering the morale of General Weygand's troops in French North Africa the State Department in June 1941 began issuing licenses for the export of foodstuffs and other supplies to that area. The British agreed to this, although with some reluctance; and the French funds frozen in the United States were unblocked for payment of approximately $12 million of exports quarterly.[3] However, upon

[1] The quantity allocated represents between 90 and 95 percent of all 1940 imports of Latin American countries.

[2] See *New York Times*, September 5, 1941.

[3] *New York Herald Tribune*, September 24, 1941.

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Marshal Pétain's dismissal of General Weygand in November 1941, the Economic Defense Board revoked all export licenses for French North Africa. A second reversal of policy came at the end of January 1942, when trade was again resumed between the United States and "Vichy Africa." There already had been one change in the policy toward Spain. In November 1941 all licenses for the export of petroleum products to Spain were revoked. This was interpreted as meaning that the Board anticipated closer coöperation between General Franco and the Axis powers. However, some oil was subsequently permitted to move to Spain from Venezuela.

II. FREEZING FOREIGN FUNDS

The freezing of foreign assets in this country, which began in April 1940 when Germany invaded Denmark and Norway, has developed into a comprehensive system of exchange control and a most effective engine of economic warfare.[4] Originally, the dominant aim was to protect the owners of the funds. But even at the outset another motive was present in some measure; it was recognized that to keep several billions of dollars out of German hands was indirectly a way of aiding Britain.

The original freezing order did not tie up the several hundred million dollars of German and Italian funds on deposit in New York. Secretary Morgenthau advocated freezing these funds as essential to our policy of Aid to Britain, but the Department of State opposed this step. Hence, for more than a year after the funds of the *invaded countries* had been blocked, the *invaders* were free to use *their own* funds in New York to finance propaganda in this country and in Latin America; to purchase valuable strategic commodities outside the United States — for shipment through the blockade via neutral ports — to buy up their own bonds; and to acquire interests in United States firms in Europe. They were able also to transfer substantial sums to banks in South America. Finally, the views of the Treasury prevailed; the barn door was locked after most of the horses were gone. On June 14, 1941, the President froze German and Italian assets in this country as well as those of all other Continental states not affected up to that time. "This step," according to Edward H. Foley, Jr., General Counsel for the Treasury Department, "changed the emphasis of

[4] See Judd Polk, "Freezing Dollars Against the Axis," FOREIGN AFFAIRS, XX, 113–30, October 1941.

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freezing control from a defensive weapon primarily intended to protect the property of invaded countries, to a frankly aggressive weapon against the Axis."

This is perhaps as good a date as any to mark our commitment to the full implications of economic warfare.

The freezing of Japanese assets on July 25, 1941, which was our retort to Japan's new aggression in Indo-China, resulted in a complete embargo on Japanese trade with the United States. Thus the action which pro-China groups in this country had vainly sought from Congress for years was suddenly effected by a simple administrative order from the Secretary of the Treasury.[5] Like previous freezing orders, the Secretary's action did not, in form, prohibit trade or financial transactions with Japan; it merely subjected all *exchange* transactions, and all transfers of commercial documents, to licensing. But actually within a few months all import and export trade with Japan dried up.

Freezing, like export control, threatened to damage our relations with Latin American countries. The sweeping terms of the President's orders of June 14 laid an interdict on all unlicensed trade or financial transactions between nationals of the United States on the one hand, and any of the blocked states or their nationals on the other. And "nationals" was broadly defined so as to include all nationals, wherever they might be residing and doing business. Many Italians and Germans in Latin America occupied prominent positions in commerce, industry and banking. But an American exporter of radios could not be expected to know whether somebody named Schmidt in Bogotá was Colombian by nationality, or German. And even if the exporter had had that information, he would not have been safe in filling the order; for a $10,000 fine and 10 years in prison hung over him if he sold to any firm in which a German had a *substantial interest*, as, for example, through stock ownership. Under these conditions, many American firms thought it wise not to accept any Latin American orders, and for a short time it seemed that the flow of American goods southward would be interrupted, with a consequent weakening of the political and economic ties which the Administration was so intent upon strengthening. The problem was to keep open the channels of trade and finance and yet

[5] After the freezing order went into effect, applications for licenses to ship two tankers of oil to Japan were granted by the Division of Controls of the State Department. But since the Treasury refused to unblock funds for payment, the Japanese did not get their oil.

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prevent transactions which might benefit, directly or indirectly, the Axis powers.

For this problem a very old device in economic warfare afforded at least a partial solution — it was the blacklist. On July 17, 1941, the President issued a "Proclaimed List of Certain Blocked Nationals" which contained the names of some 1,800 [6] persons and business institutions deemed to be, or to have been, acting for the benefit of, or under the direction of, or in collaboration with, Germany or Italy or German or Italian nationals. It included also certain persons and firms to whom exportation from the United States was deemed "detrimental to the interest of national defense." All shipments of controlled exports to blacklisted firms were prohibited. At the same time, a general license was issued permitting inter-American trade transactions, and financial transactions incidental thereto, with persons *not* listed. After publication of the original blacklist, German and Italian firms tried to "cloak" their activities by engaging Vichy French, Spanish and Latin American firms to place orders for them. Firms suspected of these practices were placed first on a "gray list" until more conclusive evidence was obtained; then they were transferred to the blacklist. Thus several hundred additional firms have been proscribed, including some of the largest and oldest trading firms in South America.

It seems difficult to explain why the application of blacklisting to Japanese firms was delayed until after the attack on Pearl Harbor.[7] The reason must have been the desire not to force the Japanese into a final break, even though that policy seemed to have been abandoned, at least in part, four months earlier when the Japanese funds were frozen. Soon after the new year began, economic warfare was carried into Europe by the blacklisting on January 14, 1942, of 1,800 Axis-affiliated firms in Sweden, Spain, Turkey, Switzerland and Portugal.

The publication of the original German and Italian blacklists naturally provoked some unfavorable reactions in the other American republics. So large a number of Guatemalan coffee *fincas* were blacklisted that, had not the Banco Central intervened, the entire industry might have been threatened with bankruptcy. A committee of the Colombian Senate called atten-

[6] This number included 300 Argentine firms, 265 in Brazil, 200 in Colombia and 181 in Mexico. On the proscribed list were such well-known trade names as Agfa, Bayer, Fiat, Mercedes, Benz, Borsig, Siemens, Bata, Krupp and Skoda.

[7] Seven hundred were listed in the proclamations of December 9 and 23, 1941.

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tion to the injustices and injuries suffered by the business men of that country. Branches of United States firms incorporated under Brazilian law were threatened with lawsuits if they refused to sell to German-owned firms. In Mexico, a prominent labor leader urged nationalization of the blacklisted firms in order to prevent "financial domination of the Western Hemisphere" by the United States. In various countries complaints were heard that by blacklisting the Yankees were endeavoring to drive out German competition so that after the war they might have the field to themselves. But the response was not altogether unfavorable. In some cities anti-Axis groups used the information which the proclamation of the blacklist afforded to set in motion boycotts of German firms.

III. BUYING STRATEGIC MATERIALS

The Japanese attack on Pearl Harbor revealed weaknesses in our economic as well as in our military preparedness. Suddenly we became aware that our supplies of two vital war materials — tin and rubber — and several others hardly less important — coconut oil and manila hemp, for example — were endangered. For, as the Japanese rapidly pushed into the Philippines and Malaya and the Dutch East Indies, they invaded a region which had supplied 98 percent of our rubber, and 80 percent of our tin. The threat to our source of supply was all the more serious because it was accompanied by a huge increase in our requirements. In the new Victory Program, President Roosevelt early in January called for 60,000 planes to be made in 1942, 45,000 tanks, and other war matériel in proportion. To achieve these results would require doubling the rate of production in war industries which had been attained at the end of 1941, with a consequent doubling of our already huge requirements for raw materials. But when we looked at our stockpiles we saw all at once that we, too, had become a "have-not" nation.

At the beginning of 1942, we had in the country between 500,000 and 600,000 tons of crude rubber, about one-half of it in government stockpiles. At the 1941 rate of consumption, our entire crude rubber supply would have lasted only eight months. The supply of latex (milk of the rubber tree) was good for only five months. The tin situation was not quite so bad. Our supply, about 120,000 tons, most of it in private hands, would last at the 1941 rate of consumption for a year or 15 months; but private

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and government stocks combined were only half of the 242,000 tons that had been estimated by OPM as necessary for government stockpiles alone. The situation in other strategic materials — chrome, manganese, manila fiber, graphite and tungsten — was no better; in some cases it was worse. Moreover, the new production program had caused many additions to the list of materials in short supply. Copper suddenly became scarce. We had produced 1,000,000 tons, a record output, in 1941 and had raised imports to over 500,000 tons; but we had consumed practically all of the supply. The OPM stockpile had been set at 500,000 tons, but our supplies at the end of 1941 were far below that figure. The scarcity of tin, zinc, copper and aluminum caused a drive for lead. At the end of October 1941, according to a newspaper report, our lead supply would have satisfied only four days' consumption.[8] Yet the OPM had recommended that we have a stockpile of 500,000 tons, about a seven-months' supply at the 1941 rate of consumption.

It is not the purpose of this paper to attempt to apportion blame for the stockpile fiasco.[9] Certain general principles, however, can be laid down. The formation of stockpiles involves three procedures: (1) purchase of the strategic material; (2) transportation to this country of materials produced exclusively, or in large part, abroad; (3) conservation for defense purposes of the stocks thus acquired. Looking back at our experience over the past two and one-half years, we can see that buying, although it did not start nearly soon enough, eventually proceeded vigorously, and on a really large scale. Then the shortage of shipping threatened to wreck the program until the Maritime Commission, using a rating list prepared and kept up to date by an interdepartmental committee, began to allocate cargo space. But after Congress had finally appropriated adequate funds and government agencies had actually purchased rubber, tin, copper and many other materials by the hundreds of thousands of tons, and after the cargoes had been landed at our ports, the principal

[8] *New York Herald Tribune*, January 4, 1942.

[9] The Faddis Committee in its report of July 21, 1941 (Strategic and Critical Materials. Interim Report pursuant to H. Res. 162, 77th Congress, 1st session, House Report No. 982), ascribed the delays and failures in the accumulation of raw materials for the government stockpile to (1) the tardy beginning of the stockpiling program; (2) failure to centralize responsibility for stockpiling; (3) lack of a sense of urgency on the part of officials of purchasing organizations; (4) delay in establishing conservation methods and use of substitutes for fear of creating unemployment; (5) unwarranted delays in building plants and facilities, particularly for the production of synthetic rubber and aluminum.

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idea of the stockpile, *i.e.*, conservation of supply, seems to have been lost from sight. The disposition of strategic materials of both foreign and domestic origin was the province of the Office of Production Management. In accordance with OPM priority orders, the Metals Reserve Company and the Rubber Reserve Company funnelled out rubber and metals not only to defense industries but, on a huge scale, to those producing for civilian consumption.[10]

The Army and Navy Munitions Board had long emphasized the importance of preparing stockpiles in its mobilization plans, and the State Department had lent the idea vigorous support. But Congress until 1940 had provided only meager funds for the purpose and had so limited their use as to make the appropriations ineffective.[11] Substantial purchases of strategic materials date from June 25, 1940, when Congress authorized the Reconstruction Finance Corporation to form subsidiary corporations "to produce, acquire and carry" such materials. These broad powers were even further extended a year later, and at the same time the list of strategic and critical materials was expanded.

But the purchasing of supplies was not entrusted to the RFC alone. Associated in the execution of the program, and bearing part of the responsibility, were the State Department and the Office of Production Management and, more recently, the Board of Economic Warfare. Recommendations for purchase came from OPM, after prior consultation with other government agencies. The State Department had a hand in making these recommendations, and its aid was indispensable also in arranging through its foreign service for the actual purchases. In many cases, these arrangements involved difficult and prolonged negotiations with foreign governments. With the establishment in August 1941 of the Economic Defense Board, now the Board of Economic War-

[10] OPM had been directed, in an Executive Order of May 25, 1940, to "plan and take all lawful steps necessary to assure the provision of an adequate supply of raw materials essential to the production of finished products needed for defense." (Faddis Report, *op. cit.*, 14.) The Office through its Priorities Board attempted to administer priorities on a voluntary basis from January 1941 until May 31, 1941, when it was given legal authority to enforce priorities. The first exercise of this authority with respect to a strategic material was the order on zinc, June 11, 1941. The rubber priority dated from June 21, 1941. Tin was not put under legal priority control until December 17, 1941. Commenting on the delay in imposing priorities, a writer in *Fortune*, December 1941, said: " . . . there was not sufficient political courage in the U.S., until very recently, to make effective stock piles of such materials as were brought in by mandatory priorities cutting down on civilian requirements."

[11] An act of June 7, 1939, authorized the expenditure of $100 million, but only $10 million was made available in 1939.

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fare, a fourth agency was brought into the stockpiling program. At present the Board's efforts in this field are directed principally toward the search for new sources of materials and the expansion of their production in the countries of the Western Hemisphere.

With four agencies engaged in a single task, and with lines of authority not always clearly defined, delays and confusion were to a certain extent inevitable. But the most serious defect was the failure to lay sufficient emphasis on the accumulation of stockpiles and to distinguish this objective from other objectives of the buying program. These other objectives seem to have been, if we can judge by results: (1) to furnish defense industries and those producing for civilian consumption with essential raw materials on better terms than they could be obtained by private buying; (2) preclusive buying, *i.e.*, buying to prevent Germany, Italy and Japan from obtaining needed materials.

No one can object to the release of imported materials to defense industries. After all, tanks, guns and airplanes are worth more than heaps of copper, tin and manganese. But looking backward from this distance, there seems no excuse for the prodigal liberality with which rubber and metals known to be vital to national defense were distributed to manufacturers of automobiles, refrigerators and a thousand and one types of consumers' goods. It was acceptance of the "guns *and* butter" philosophy in extreme form. The experience of Germany and England and Japan should have taught us that stockpiles are never accumulated simply by buying. In each of these countries buying had to be supplemented by rationing of domestic consumption.

Indirectly, buying for supply was also preclusive buying. When we took Chilean copper for our own needs, we took it away from the Japanese. But in exceptional cases (Mexican fluorspar and mercury, Colombian platinum), we went out of our way to buy up stocks for which at the time we had no immediate or foreseeable need, but which we knew were of vital importance to the Axis powers or to Japan. To begin with, the preclusive aspects of our buying were not fully appreciated; in buying for supply, it was not considered important to sweep the foreign market clean. Recently, however, this objective has figured more prominently.

We began by buying up all the available surplus of particular commodities. In June 1940 contracts were signed with the International Tin Committee and the International Rubber Committee, by which the Government acquired 430,000 long tons of

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rubber and at least 75,000 tons of tin. In November 1940 the Metals Reserve Company made a five-year deal for substantially all the Bolivian tin currently produced, except the output of the Patiño mines (50 percent of the total) which is under contract to Great Britain. Several months later, the entire Bolivian tungsten output, about 3,500 tons annually, was acquired for three years. By a similar arrangement we have secured for a period of three years all of Argentina's tungsten, up to a maximum of 3,000 tons yearly. (Before the agreement was made, Japan was buying half of Argentina's tungsten.) As a result of contracts signed at the end of 1940 with four American copper companies, the Metals Reserve Company secured substantially the entire copper production of Chile, Mexico and Peru. The entire platinum production of the Republic of Colombia, which was leaking out to Axis powers by Japanese ships or by LATI airplanes was contracted for at the end of 1941.

The rapidly expanding scope of the purchasing program led to overall agreements with certain countries covering their entire exports of all important strategic materials. In these contracts preclusion is the keynote. For in each case the vendor prohibits all export of the materials in question except to the United States, to other American republics which also impose export controls satisfactory to the United States Government, and, in some instances, to the British Empire. The first agreement of this type was made with Brazil in May 1941. In it the Metals Reserve Company and the Rubber Reserve Company guaranteed over a period of two years the purchase of Brazil's entire exportable surplus (up to fixed maxima) of 11 materials, including bauxite, ferro-nickel, manganese ore, mica and rubber; and Brazil, on its part, agreed to impose an export embargo on those same commodities. Purchase agreements on the Brazilian model have since been concluded with Mexico (covering 17 metals and a number of vegetable fibers), Peru, Chile and Bolivia. An agreement with Argentina has been under negotiation for some time.

To begin with, our buying program was focused principally on Latin America, the source from which needed materials could be secured with least danger of destruction in transit by enemy action. But even before Pearl Harbor, the geographical scope of operations was greatly enlarged. The Federal Loan Agency agreed to purchase the entire exportable surplus in the Philippine Islands (less the amounts sold to private purchasers in the United

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States and other approved destinations) of certain grades of manila hemp, copper, manganese and chrome. More recently, negotiations have been undertaken for the purchase of a wide category of commodities from various parts of Africa, from India, from Spain, Portugal and Turkey.

The coördination of British and American purchasing programs was taking shape, informally, several months before the establishment on January 27, 1942, of the Combined Raw Materials Board. It may be a development of great significance, for possibly the combined diplomatic action of the two governments in presenting a joint purchasing program to a vendor state might greatly strengthen the bargaining position of the would-be purchasers. Already, joint purchase negotiations are being conducted in Argentina and Turkey. In Argentina our needs and those of the British dovetail neatly. We want wool, hides and glycerin; the British want meat and wheat. In Turkey at the beginning of the war the supply of chrome ore was a bone of contention between Britain and France on one side and Germany on the other. When France collapsed, we acquired, through agreement with Great Britain, one-half of the 1941 Turkish output. The 1942 production is now under contract to the British; the status of the 1943 output is not yet clear, but by making a joint approach to the Turkish Government we and the British ought to have a better chance of blocking the Germans than we would by acting separately. Joint purchasing, also, obviates price competition and assures an equitable distribution of scarce products.

At present, the buying program is laid out on a vast scale. Like the war, it is world-wide, and it applies to practically all the primary commodities which usually enter into world trade. In fact, the United States is now in the market to buy all that any country can export of practically every raw material and foodstuff, except certain farm products of which there is an adequate supply in the United States such as cotton, wheat, corn, meat and tobacco. But that is not the limit of our buying, for our 1942 and 1943 demands for certain commodities, *e.g.*, copper, will exceed the entire world production of 1941. That means for many products that old sources of supply must be enlarged and new sources brought into production. Merely bidding up the price, however, will not bring the needed output soon enough. We must improve production and transportation facilities in the mountains of Bolivia, in remote areas in Brazil, and in any other part of the

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world where expansion of the supply of needed materials depends upon such action. Thus our expanding purchases may lead to significant changes in the economic organization of the selling countries. This is one of the reasons why we may have to promise to continue buying certain materials for a period of years after the war has ended.

IV. THE CONTROL OF SHIPPING

It would go beyond the scope of this article to discuss our shipbuilding program which, after all, is a matter of mobilizing domestic resources. But the requisitioning of ships and the policy of the Maritime Commission involve our foreign relations; they are matters of economic warfare which deserve mention here.

When the shipping shortage reached alarming proportions in the early months of 1941, the Government began turning covetous eyes on the foreign ships lying idle in our harbors. There were 84 of them in all with an aggregate tonnage of 450,000,[12] including two small German boats, 28 Italian vessels, 39 Danish and 11 French. In the national emergency, the United States Maritime Commission had authority to requisition ships owned by citizens of the United States, but it had no similar authority over foreign vessels. However, the crews of certain Italian and German ships themselves solved this problem by acts of sabotage, giving the Administration legal ground for seizing them.[13] Then an Act of Congress on June 10, 1941, gave the President authority for putting all idle foreign owned vessels in our ports to use as a part of the United States merchant marine.

The requisitioning of foreign-owned ships contributed relatively little to the relief of the shipping shortage. That could be cured only by building vast new fleets of merchant vessels. But while new ships were building, it was essential that our existing fleet should be utilized with maximum efficiency. Obviously, this could not be accomplished under unrestricted private ownership. Requisitioning the entire merchant marine by the federal government was advocated, but Congress preferred milder measures, and in the Ship Warrants Act (approved July 14, 1941) instituted a priority system to be administered by the United States

[12] *New York Times*, June 8, 1941; a table in the League of Nations' *World Economic Survey, 1939/41*, 255, shows 87 ships of 474,000 tons.

[13] Twenty-seven Italian and two German ships were "taken into protective custody" by the United States Coast Guard on March 30, 1941; 17 Italian and one German ships were seized July 11.

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Maritime Commission. The key to the Commission's power is the warrant which entitles a vessel to preferential treatment in ports of the United States and its possessions, in loading and discharging its cargo, as well as in bunkering and in the use of overhauling and repair facilities. Without a warrant, no ship, whether owned abroad or here, can be sure of getting coal or oil in any American port, or even the services of a pilot to take it out of the harbor.

V. THE LEASE-LEND PROGRAM

The positive or beneficent aspect of economic warfare, the business of aiding our friends, although present in export control and freezing of foreign funds, appears in its most striking form in the Lease-Lend program. Since the Act of March 11, 1941, the total aid authorized by Congress has exceeded $30 billion. The countries which have already received aid under this program include Belgium, Brazil, Chile, China, Colombia, Cuba, Dominican Republic, Egypt, Greece, Netherlands, Norway, Poland, Russia, Turkey and the United Kingdom. They are receiving *not* money, but the war matériel, the foodstuffs and the industrial and transportation equipment which they need to strengthen their military effort, improve their defenses and sustain their civilian populations. By far the bulk of the Lease-Lend aid, of course, has been destined for the United Kingdom.

In his 1941 Armistice Day address Mr. Churchill referred to the Lease-Lend legislation as being without question "the most unsordid act" in human history. This is high praise. But lest we become too well satisfied with ourselves, we should recall two facts. First, in economic warfare it is goods, not dollars, that count. The real measure of our effective aid to Britain is not the money Congress appropriates but the tanks, airplanes, guns, machines and food which our factories and farms can produce and our ships can transport across the Atlantic. Thus Lease-Lend remains largely a gesture until we have stepped up production of war materials far beyond our present output. Secondly, it is perhaps too early to call the Lease-Lend program "unsordid." Mr. Churchill implied that the shiploads of war supplies already arrived in England, and the huge tonnages now in production and in transit, are a gift. Probably most Americans accept the implication; they know the United Kingdom could not pay a huge war debt without adding terribly to its burden of postwar reconstruction, and they do not want to be repaid. But Congress, failing

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either to understand or to reflect public opinion, left the question of compensation dangerously ambiguous.[14] Now is the time to remove that ambiguity while we are still in a mood to share the costs of the war. If we wait until after the war, bitterness and disillusionment may transform what was meant for a gift into a loan, and repayment may be demanded in terms that may poison American-British relations for generations to come. We should recognize formally and at once that our entry into the war requires a new policy of financial coöperation, based not on lending or giving, but on the sharing of common resources for a common purpose.

VI. STRENGTHS AND WEAKNESSES OF OUR POLICY

Statesmen and diplomats have never pinned as high hopes on the effectiveness of economic warfare [15] as a substitute for armed conflict as have the lay public. The popular classification of Germany, Italy and Japan as "have-not" nations gave the impression that they were vulnerable to economic sanctions. But vulnerability, we have learned, is a relative matter. Germany by long and careful planning in prewar years, by extending the area under her control, by systematically looting invaded countries, by the ingenious use of substitutes and by restricting civilian consumption at home, has thus far successfully resisted the Anglo-American blockade.

Japan, in the early stages of her aggression, was less successful than Germany in supplementing by conquest her domestic supplies of food and raw materials. Hence, she suffered more from economic sanctions. It is true that our early moral embargoes on airplanes and octane gas were more effective in giving us an outlet for righteous indignation than in weakening the Japanese war effort. But the legal prohibitions on exports to Japan beginning

[14] The Act provides that "The terms and conditions upon which any . . . foreign government receives any aid authorized . . . shall be those which the President deems satisfactory, and the benefit to the United States may be payment or repayment in kind or property, or any other direct or indirect benefit which the President deems satisfactory." Public No. 11, 77th Congress, Sec. 3 (b).

[15] In this brief survey it has been impossible to describe all the varied aspects of the new policies which make up economic warfare. A full treatment of the subject would include the activities of the Department of Justice in uncovering and voiding illegal agreements between German and American firms by which the prices of commodities essential for national defense, such as magnesium, fire control instruments, tungsten carbide and beryllium, had been fixed and their production in the United States restricted. It would include also the fascinating story of the negotiations with South American governments by which German-controlled air lines were eliminated from Colombia, Ecuador, Bolivia and Peru and their services replaced by American-flag liners.

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in July 1940 were more serious: they cut off, successively, supplies of American iron and steel scrap, iron ore and pig iron, copper and finally all petroleum products. But Japanese trade was not vitally affected until July 25, 1941, when the Japanese assets in this country were frozen, and parallel action was taken by the British Empire and by the Netherlands East Indies. Japan, thrown back on the resources of the yen-bloc area, then found it almost impossible to procure from outside essential materials such as aluminum, copper, lead, zinc and scrap iron. Raw material shortages were sharply aggravated, and all business and industrial activity in the Empire was disrupted. "Japan," said a *New York Times* editorial on December 4, 1941, three days before the attack on Pearl Harbor, "is facing international economic siege and she is very vulnerable. . . . Now, after four years of exhausting war, she finds her economic and industrial life strangling."

But those who believed that our trade and financial restrictions would force Japan to abandon her political ambitions and military adventure were deceived. The truth is that economic warfare is not a *substitute* for a shooting war. Proud peoples give in, they back down, only when their armies have been defeated. Hence, a non-belligerent country that engages in economic warfare must, if it values its national existence, be prepared — in its public opinion, in its industrial mobilization and in its military and naval establishments — for armed conflict. We were not so prepared. That was a major weakness in our policy in the years 1939–1941. By its discriminatory export controls, by its freezing and blacklisting policies, the United States Government pursued a vigorous and aggressive foreign policy. But on the home front the philosophy of business-as-usual, guns-and-butter, still prevailed. Scarce materials were not rationed; instead, our consumers' goods industries were allowed to devour mountains of rubber, copper, tin and aluminum in an orgy of non-defense production. When war broke, the lack of these materials held back the production of all the munitions of war.

Once again the fallacy and the danger of acting as if foreign policy could be divorced from domestic policy has been demonstrated. Actually, each is only one of two prongs of national policy; neither can operate effectively unless it meshes closely and continuously with the other.

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MOBILIZING OUR DORMANT RESOURCES FOR TOTAL WAR

By Karl Brandt

IN the seven years between Hitler's accession to power and the launching of his long premeditated and carefully planned attack, strategists on both sides tried to take stock of the resources which would be at their disposal when and if war came — "when" was the German word, "if" the word preferred by his potential victims. There was little difference of opinion as to the facts. The difference was in the interpretation of the facts and in the political and military strategy based on those different interpretations. The democracies based their plans on what they had; the totalitarians based theirs on what they would get in the course of their conquests. Seven years of this difference between dynamic thought on one side and static thought on the other put the initiative into the hands of the aggressors; and the democracies, though potentially much more powerful, have found themselves terrifyingly close to disaster.

The domestic resources of the Germans, the Italians and the Japanese were inadequate in many respects; in some respects they were nil. They set about supplementing them by stockpiles of strategic materials. And when the war began they knew just what they wanted to secure from their military conquests, and just where to seize it and how to exploit it. By ceaseless toil and relentless concentration on the sole task of arming, they built up an overwhelming striking power; and then, utilizing that power, they went from one conquest to another, each economic as well as military.

Today the democracies are still stunned at the magnitude of their failure to appraise correctly the relative strength of the enemy. First France and Britain failed. Then the United States failed. The American Government and people are now making gigantic efforts to catch up. But it is the writer's opinion that even their boldest planning still fails to start from sufficiently pessimistic assumptions. If no doubt is to remain as to our eventual ability to wrest the initiative from the enemy, then our economic planning must be based on the worst conceivable military situation. Only that sort of assumption can provide the proper margin of safety.

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In order to be realistic, in that sense, our military assumptions today must include even such possibilities as the following: the temporary loss of access to all the resources of the southwestern Pacific, not merely by ourselves but also by Great Britain and by China and Russia as well; the drastic curtailment of American and British intercourse with India and East Africa; and the temporary loss, for a longer or shorter period of time, of access to the Mediterranean and even, possibly, to the West Coast of Africa. While not all the military reversals which such economic losses as these imply will necessarily occur, the total impact ought to be considered in advance if we are to gird ourselves to face the worst possible eventualities and to set about creating the necessary margin of safety.

Planning calls also for a clear idea about the time element involved in various military operations. With the balance between the aggressors and the defenders what it is today, we would be indulging in criminal negligence if we worked on the theory that the war will last less than four or five years. Our production schedules and our estimates of raw material needs will be different, both in detail and in their general proportions, according as we plan for a war of two to three years or a war of four or five years. We do not need to plan now, however, for a longer war than, say, four years; for at the four-year scale of effort we attain, for all practical purposes, the full scope of our capabilities.

There are many reasons for adopting the most pessimistic view. Once we have done so, any fortunate break in our favor produces a net gain in striking power and widens the margin of safety. Moreover, it is only when the economic *prognose pessima* has been made that the military command can be persuaded to pay attention to their economic requirements sufficiently far in advance and to start planning how to hold the economic positions which are vital and which are in jeopardy.

Whether the United States will gain the upper hand in four or five years of hard war depends on the willingness and ability of the American people, now, at long last, to mobilize their resources to the fullest capacity. Whether they have that willingness and ability depends, in turn, on their equipment of vision, will power, initiative and organization. They will not win simply because physical assets are at hand. Statistics and dollars alone will not bring victory, but work and tools and guns. What are called "natural resources" are nothing but opportunities waiting

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to be exploited by man with energy and ingenuity and tools. Once we have realized this we begin to see a host of dormant American resources which might be marshaled now, for defense and for offense.

II

As a concrete demonstration of the claim that vast untapped reserves are available for much fuller utilization in our war effort than has yet been attempted or even planned, and that utilization of them is peremptorily demanded now as a result of recent military developments, the writer chooses a particular group of essential raw materials — fats and oils. He chooses it, first, because Japan has now cut us off, or threatens to cut us off, from that large segment of our supplies of fats and oils which normally comes from the Pacific area; and, secondly, because he happens to have an intimate knowledge of the subject as a result of 15 years of research in it.

The United States ranks as the world's greatest producer and consumer of butter, lard and cottonseed oil. As a soybean producer it is second only to Manchuria. And it is the world's largest producer of inedible animal fats. All of these materials have specific technical usefulness and qualities, yet all of them are widely interchangeable as a result of modern technology's achievements in altering their aggregate form, color, flavor, odor, drying and non-drying capacity, saponification and other chemical and physical characteristics.

In order to get the dimensions of our present problem in fats and oils clearly in mind, we ought to know the answers to the following questions: First, what is the normal situation in the United States and in Britain with respect to production, exports and imports? Secondly, how has the war cut down or threatened the normal supplies from overseas on which we and Britain have depended in the past? Thirdly, what steps can the United States take — by increasing production or decreasing consumption, or both — to supply our urgent needs and those of the British?

The United States normally consumes about 10 billion pounds of vegetable and animal fats and oils for all purposes — for foods, for making soap and for industrial uses. Of this amount roughly 80 percent has been supplied by domestic materials such as cottonseed, flaxseed, tallow, hog fat and butter. The 20 percent which has been imported includes coconut oil and copra from the

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Philippines, flaxseed from Argentina and palm kernel oil and palm oil from West Africa. Although we needed to bring in from abroad both edible and inedible fats, we regularly had a large surplus for export of one edible fat, namely lard, of which we shipped abroad on the average 500 million pounds yearly.

Our potential production of vegetable oils has never been fully utilized. On the other hand, our markets recently have been glutted by great surpluses of lard; this situation has driven the prices down, so that large amounts have been used temporarily for the production of soap. Butter prices, also, have been depressed because of local temporary surpluses. These facts, and the recent phenomenal increase of American soy bean production, show that large possibilities exist for expanding our domestic production.

The normal consumption of fats in the United Kingdom was about 3.3 billion pounds per year. This has now been reduced to about 2 billions. Practically all of this must be imported. In the past, the chief sources have been Argentina and the United States in the Western Hemisphere; Ireland, Denmark, Holland and certain other European countries; West Africa; and Asia and the southern Pacific. Canada normally imports 180 million pounds of fats more than she exports.

The war definitely eliminated one important American and British source of fats and oils. Whaling in the Arctic, which yielded over 450,000 tons, has ceased and will probably not be revived until the end of the war. In addition, we have to consider the disappearance from world markets, actual or potential, of the fats formerly supplied from the Netherlands East Indies, the Philippines, Australia, and other Pacific areas now occupied or threatened by Japan. We also face the possible loss, due to enemy action or to shipping shortages, of 450,000 tons formerly imported from India and 870,000 tons supplied by West Africa. Thus, in addition to the several hundred thousand tons of whale oil which we must write off, we have to prepare to go without some two million tons of imports.

This amounts to saying that, under the worst conditions, British and American fats requirements must be met essentially from sources in the Western Hemisphere. Under these worst conditions a total of from 3 to 4 billion pounds of fats a year must be found — 1 to 1.2 billion pounds for the United States, 3 to 3.5 billion pounds for Britain, and .2 billion pounds for Canada. In addi-

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tion, there already are heavy demands from Russia. This vast total must come from additional production at home, from added imports from areas not under Axis control, from savings in consumption, and as a result of other adjustments.

The two principal ways in which we can carry out our task are (1) by increasing production, and (2) by adjusting and restricting consumption. The United States is the best equipped producer of fats and largest per capita consumer; as such it must bear the brunt in effecting both changes. The per capita consumption of edible fats has already been reduced in Great Britain by 35 to 40 percent, and that of soap fats still further. The possibilities of increasing fats production in Great Britain are practically zero.

First, then, what can we do to increase our production of fats and oils? The revised goals set by the AAA in January 1942 aim at an increase of 1,200 million pounds of vegetable fats, made up of 600 million pounds of peanut oil, 350 million of soy bean oil, 100 million of linseed oil, possibly 125 million of cottonseed oil, and some smaller amounts of corn oil and other by-product oils. If the farmers fulfill these production goals in acreage, and, if, moreover, the yield should be average or better, we should have by the fall of 1942 a crop of 3.9 million pounds of vegetable fats instead of 2.9 last year. This at the same time would give us a greatly increased supply of oilcake, a valuable protein concentrate for cattle, which would help us attain the needed increases in the production of beef, dry milk and cheese.

Animal fats contribute more than twice the amount of all vegetable fats combined. The 1942–43 pig crop may reach 97 million head, or 10 percent more than any pig crop on record. It is planned to improve the yield of lard by 4 to 5 pounds per hog. The total lard production is expected to rise from 2.4 billion pounds last year to 3.1 this year. The tallow and grease output can be similarly improved by trimming meat-cuts more closely. We can envisage an increase in all animal fats to 7.6 billion pounds. This would raise the domestic production of all fats combined to a grand total of 11.5 billion pounds.

Still other adjustments in production can be made to help create a sufficient margin of safety. The fish oil industry has contributed 150 million pounds of oil annually. In order to give price protection to other fats and to conserve natural resources, federal and state authorities have restricted the sardine catch on the Pacific Coast. These limitations could be removed, result-

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ing in a considerable increase in the output of fish oils in spite of the shortage of fishing vessels and various other handicaps. Again, it seems feasible to increase the amounts of corn oil extracted to the extent that the demand for other corn products like glucose, dextrose, other sugars and starch increases.

While we are tapping our domestic resources more fully, we must also bring those of other parts of the Western Hemisphere into wider use. Canada has a vast wheat surplus, which means that she will try to increase her output of hogs and linseed for delivery to the British Isles. Another great source of fats in this hemisphere is Argentina, the world's largest exporter of linseed and tallow. In 1938 Argentina and Uruguay together exported 2.2 million tons of linseed, the equivalent of 660,000 tons of linseed oil. Thus far Argentina has not been able to dispose of her linseed surpluses, and she expects to enter the coming crop year with a still greater carryover. Despite the shortage of shipping, it would seem sound policy for us to make a deal with Argentina to buy outright whatever part of her total linseed crop is not sold to the British. Ships, planes, tanks, guns, hangars, barracks, and the requirements of camouflage, both here and on all the outlying fronts, will consume record amounts of paint. Such a deal with Argentina might be expected to have a beneficial effect upon our diplomatic relations with her in addition to serving an important wartime economic purpose.

All the aforementioned measures combined still do not make good our loss of copra, coconut oil and palm oil from the Philippines, the Netherlands East Indies and Malaya. These fats are particularly important because of their high lauric acid content and high-glycerine test, and because no other sources are either militarily or technically accessible. Brazil is a great potential supplier of Babassu and other nuts which have certain of the desirable qualities. But a multitude of factors — foremost the difficulties of labor and transportation there and the shortage of ocean shipping — makes it necessary for us not to overestimate the real possibilities, especially in view of the fact that we must also turn to Brazil for many other materials like rubber. Only fractions of the supplies of coconut and palm oil formerly available for use in the better soaps can be expected from the jungles around the Amazon and from other areas. However, every bit that is obtainable should be obtained.

This brings us to the question of the adjustments which we

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must make in the manufacture of soap. If we were faced with a permanent shortage of fats we should have to ration those used for soap in order to keep up the more vital supply for food. Fortunately, if we adopt a farsighted fats strategy we may be able to avoid harsh actions. When soap is manufactured glycerine is set free as a by-product. Now glycerine is a vital material for making dynamite and cordite, used in war as propellants and explosives and also much used in mining. In the First World War glycerine had a priority rank of 1, but soap was in class 4. Since coconut and palm oil now will not be as plentiful as before, some soap formulas will probably have to be changed. We will not have soaps that lather as easily in cold water; but they still will be good soaps. To obtain all the glycerine needed for the war effort, the fats available could be split at once into glycerine and fatty acids; and the latter could be stored and supplied to soap manufacturers in accordance with their current requirements. Thus glycerine would be made available at once on the basis of soap stocks to be used later. Production of soaps containing glycerine, including certain soft and liquid soaps, could be prohibited. Moreover, for the sake of conserving fatty acids, fillers could be added to all kitchen soaps. These various regulations could be relaxed or tightened as the existing war reserves here and in Britain warrant.

Elimination of many sources of imports, possible losses in transit, hazards of drought, and heavier export requirements, make it seem imperative that for us at least to double our normal peacetime carryover of 23 percent of our annual consumption of fats. Recent government plans, however, provide for a carryover of only 16 percent at the maximum or 12 percent at the minimum. To build up our stocks to perhaps 50 percent of annual consumption, which seems to the writer to offer a proper margin of safety, we should have to impose temporary restrictions on consumption; this would create abundance within a year and afford protection against excessive price rises in the future. The steps required in the soap industry have been indicated. The steps required for creating stockpiles of fats for edible purposes would have to be entrusted to the meat-packing plants, the crushing mills, and the plants manufacturing margarine and shortening.

Other important adjustments can be made in the consumption of fats. For example, we can maintain and even improve our standards of cleanliness and sanitation and yet avoid much of

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the present improvident use of soap. Unnecessary waste of soap for dishwashing in households and restaurants could be prevented by suspending the production of soap flakes and granulated soap for the duration of the war or until the necessary minimum reserves of fatty acids have been accumulated. In many cases, soaps used in manufacturing can be replaced by soda and non-fatty detergents and by abrasives. Similarly, waste can be discouraged in other directions. Tallow and grease have a high-glycerine content and form perfect materials for making soap. They can be conserved by requiring the closer trimming of meat in the packing plants and butcher shops, and by the systematic collection of fatty scraps and remainders from households. The most feasible way of accomplishing the latter seems to have been worked out by the Wilson Packing Company and the Civilian Defense Council in Chicago, where butchers were induced to pay housewives from 3 to 5 cents per pound for grease, which gives both of them a profit.

All these and other similar adjustments should be worked out and put into effect at once. In combination they will afford us the absolute certainty, now still lacking, that the United States will have war reserves of fats large enough to meet all emergency demands, both at home and for our allies, even in case a bad drought should hit us again.

III

The goal, and specific adjustments to enable us to reach it, have now been indicated for one sample group of commodities. It is at this point that the statesman must make an important choice. How to accomplish the necessary adjustments with a minimum of red tape and the least possible distortion of the economic and political system? This involves one of our crucial current decisions.

The potential resources of the United States are ample to meet the most trying demands of a long war. This is true not only in the case of fats and oils. Drastic curtailments already effected in civilian uses of such commodities as rubber and tin give assurance that American production of war matériel can go forward on an all-out basis. But in trying to marshal our vast reserve resources quickly and effectively we have to choose one of two methods: to centralize and to regiment; or, by changing the relationship between existing competitive prices, to redirect

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economic processes so that the required goals will be reached.

After a generation of experimenting and planning here and in Europe and Russia we should be able to see clearly the conditions under which centralized regimentation can produce better results than a modified free economy, and those where it cannot. Moreover, the evils and merits of each process are fairly well known. It remains for statesmanship to choose the wise alternative.

Drastic laws which prohibit or enforce certain actions, supplemented by patriotic appeals to the public to do their duty, may perhaps be effective in a short war. In a protracted war of attrition they lead to disobedience, bootlegging, masses of red tape, changing and often contradictory regulations, more and more severe punishments for infractions, and, of course, *pari passu* with these developments, a lowering of public morale. These bad effects appear all the faster when there is abundant purchasing power and a shortage of commodities. In that case the only answer is an intelligent and fair system of rationing. Otherwise hoarding begins, and there develops a sense of injustice and inefficiency which will sap the morale of the most patriotic people. The necessary adjustments can be attained much more directly by mobilizing one of the most powerful of all incentives — the profit motive. Price differentials will operate more powerfully and more effectively than the most elaborate system of government orders and laws and punishments.

Today, as has been indicated, we face an abundance of carbohydrates and a scarcity of proteins and fats. This means that the ratio between the prices of these groups must be adjusted. To illustrate, let us pick the case of soy bean production. If we want more soy beans, one course is to try to persuade or dragoon farmers into growing more. Even in Gestapo-ridden Germany at present this method does not work. However, all the soy beans we need will be produced if we establish a differential between the price of soy beans and that of corn sufficient to compensate for the lower yield of soy beans per acre. If the Middle Western farmer receives twice as much for soy beans as he does for corn, he will produce more soy beans because to do so directly increases his income. The same procedure applies in the case of other important items, for example hogs. If we arrange that market prices for fat and lean hogs shall put a sufficient premium on the former, we can start moving up the average weight of hogs produced almost at once. Similarly, if we want the housewife to be

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thrifty in using certain types of soap, the best way is not to appeal to her via 20 million radios three times a day, and certainly not by a system of government orders and fines. But if we raise the price drastically on those particular types of soap, and keep prices of substitutes low, the response will be immediate and general. Similarly, a high price for glycerine relative to fats and fatty acids will encourage the recovery of glycerine as well as thrift in its non-military use. The objection that preferential prices for fats are inflationary need not disturb us. The rise will be stopped by the increase in supply. Abundance is still the safest cure for inflation.

The necessary price adjustments can be achieved through administrative devices which do not involve much bureaucratic interference. Large advance purchases made by government agencies at the appropriate prices will have the necessary effect in all the ordinary channels of trade.

Those who administer a liberal war economy by means of remote controls also have other devices at their disposal. In order to achieve the desired effect, it frequently is necessary to create a wide differential between factory costs and consumer prices. This step would by itself produce excessive profits; and war profiteering undermines morale. In order to prevent this and yet maintain the differential, processing taxes or equalization fees must be added. For example, if it seems desirable to set a high price for certain soaps to consumers, while keepings costs of raw materials and of processing within limits, a processing tax or some other equivalent device would be the answer.

Where the introduction of a higher price would not be effective because additional supplies are unavailable due to priorities, then price ceilings not only are feasible but necessary. However, this measure alone is too clumsy and rigid to be satisfactory. A better technique seems to be the German one of establishing price floors and price ceilings, with a sufficiently wide margin between them. Price floors often are necessary if the profit motive is to be permitted to operate straight through to the last stage of production. Wage floors may be required as a corollary. They make machines more profitable, foster efficient utilization of labor, limit war profiteering and foster good morale.

However, even when the price mechanism has been perfectly adjusted to achieve the desired effect, there remains the necessity of freeing the appropriate executive agency from juris-

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dictional infringements by a multitude of peacetime and wartime offices in the several branches of the Government. A single case may illustrate this. In 1940 Norwegian whaling companies sold 130,000 tons of whale oil to Great Britain. This was stored in bonded warehouses, a large part of it on our Pacific and Gulf coasts. Today 70,000 tons still are so stored. It would be reasonable, of course, to put this oil in American ports to American uses, and for our Government in exchange to give the British export fats that can be shipped readily to them from Chicago, Boston or New York. To do so would save tank car space, tanker space, labor and time. Yet, since an excise tax exemption is necessary, and four or five different authorities in Washington are involved, the likelihood is that the British will have to put their whale oil into tankers on the Pacific or Gulf coasts and start it on long voyages through U-boat infested waters to England. If a single national agency or "commodity coördinator" were responsible for determining all policy concerning fats and oils, and if it were given appropriate authority, it could consult other Government departments and agencies concerned and solve such problems as this rapidly.

So far the arguments here presented have been based exclusively on defense economics. There are other good arguments as well. Prices have a powerful effect on the thinking and outlook of the people. Accustomed to measuring peacetime prosperity and depression by prices, they tend to use prices to measure the gravity of a war and to decide whether the Government is half-hearted or serious about it. Disastrous news from battlefields three thousand miles away may fail to make as deep an impression on the masses as higher prices for little luxuries. Thus on the score of morale, as well as to create a proper margin of safety for vital supplies, it seems good policy not to postpone rationing and other effective inducements to thrift and sacrifice to the last possible minute, but to start them the moment eventual shortages begin to appear likely. One more point. Enormous taxes have to be raised. If we can use the desired price incentive not merely to accomplish necessary economic adjustments and to boost the spirit of patriotism and civilian sacrifice, but also to raise more tax revenues from luxuries, we could flatter ourselves that we had approached the ideal of democratic all-out defense economy.

Various objections to the measures here proposed can be raised from the standpoint of an ideal liberal political and economic

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philosophy. The author upholds that philosophy and normally would not suggest any swerving from its rules. Unfortunately, we are faced with a totalitarian conspiracy. We have been left no choice but to hold obstinately to the operation of a free economy in all its welfare aspects, and be defeated; or voluntarily to suspend some part of it and to fight with planned discipline to victory. The war won, we then can transfer back into the hands of the people the extraordinary powers which they delegated to the central authority in a time of most extraordinary danger. The Axis Powers today have probably reached, or at any rate are approaching, the zenith of their performance. The United Nations so far have developed only a fraction of their potential military strength. Once the vast dormant resources of the American economy have been totally mobilized, once the American people's genius for mass production has been fully freed and properly directed, we shall develop the effective striking power necessary to outproduce, outfight and destroy the tyrannies which have united their forces in one all-out attempt to enslave us militarily, politically and economically.

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"EQUAL ACCESS" TO RAW MATERIALS

By André Istel

FIVE years ago Dr. Hjalmar Schacht contributed to these pages an article on Germany's colonial demands.[1] His purpose was to explain that Germany's lack of "access" to colonial raw materials would inevitably lead to war. Incidentally, Dr. Schacht was less prophetic than would appear at first sight; for he was at pains to explain how different Germany's case was from that of Japan and Italy:

> Japan has meanwhile decided to help herself and has acquired Manchuria; while Italy, by the conquest of Abyssinia, has expanded the territory which she requires for her life. As a result, Japan and Italy are no longer amongst the unsatisfied nations. They have left the Have-nots and have joined the ranks of the Haves, those nations which are satisfied. Germany remains the lone unsatisfied large Power. So long, then, as the problem of raw materials is not solved for Germany, so long will she remain a source of unrest despite her love of peace.

How unfortunate for Japan and Italy that the demonstration of their love of peace could not be so conclusive as Germany's! But let us proceed with the analysis of Dr. Schacht's complaints. What are the essential conditions of access to colonial raw materials?

The first, obviously, is that there should be no export prohibitions or discriminatory export taxes by producing countries. But no measures of such a nature had in fact been taken, prior to 1939, in any of the producing countries. On the contrary, foreign purchases of colonial raw materials were generally welcome, especially in depression years. True, cartels of producers attempted to regulate and at times to restrict output. But far from being intended to hamper sales, such measures were taken exclusively in order to adapt supply to a deficient demand — in order to prevent the commodities in question from becoming a drug on the market. They were eagerly lifted as soon as demand picked up.

A second condition is indicated by the question: What is the use of having the right to buy unless you have the means? Dr. Schacht points out that countries having their own colonies enjoy the advantage of being able to purchase colonial raw materials with their own currency and so do not require foreign ex-

[1] "Germany's Colonial Demands," by Dr. Hjalmar Schacht, FOREIGN AFFAIRS, January 1937.

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change. This is an interesting problem, the future aspects of which I shall try to deal with later on in this article. But from 1923 to 1930, it so happens, Germany was particularly favored as regards foreign exchange requirements. American, British and Dutch bankers vied with each other for the privilege of extending foreign credits to the German Government, to German communities and to German industries. Germany accepted huge loans, albeit condescendingly; and she thus was enabled to effect, in the British, Dutch, Belgian and French colonies, the considerable purchases of raw materials necessary for her rearmament.

Dr. Schacht also complains of the trade barriers which prevented Germany from exporting the finished goods manufactured from the raw materials so purchased. This, he says, made it impossible for her to refund her loans. There he may be right. It is an open question whether Germany, had she chosen to use imported raw materials for peaceful instead of warlike aims, would have been able to repay. There is no doubt, however, that beginning in 1939 Germany found a means of making repayment, at least in kind. Her airplanes overcame all trade barriers and returned to Great Britain, the Netherlands, Belgium and France, in the form of finished products, a part of the raw materials which she had received from their colonies.

But the problems of trade regulations and of financing are only a part of the general problem of raw materials which this article will try to outline.

II

In the nineteenth century Europe dominated the world. Its economic machinery drew in raw materials from the other continents and, like a pump, sent them back in a stream of finished products. International movements of goods were relatively free under a gold standard which was, in fact, a sterling standard. Prices of raw materials and finished goods moved generally in harmony. Through booms and depressions, there was, on the whole, an increase in prosperity. In the non-economic realm, democratic rights and practices were steadily increasing and spreading. But under the surface there already were evidences of European decay. The same machinery which Europe sent to faraway countries was used in those new countries to build up competitive industries; while in Europe the armament race was diverting the Continent's industrial effort from wealth-producing

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to wealth-destroying goods in anticipation of the war which finally came in 1914.

Less tragic but more ominous than the results of the war itself was the growing disgust of the people with a system which had solved the problem of efficient production but not that of efficient distribution. Also, there was a gradual diminution in the economic machinery's adaptability to changing conditions, a kind of sclerosis due to several causes — the concentration of industries into ever larger units, elaborate government regulations, and increased taxation in industrial countries. Naturally I am not contending that all these developments were in themselves evil. Industrial concentration, for example, was an unavoidable consequence of improved efficiency through mass production. But the fact remains that the economic structure of industrial countries became more rigid, and that the economic structure of countries producing chiefly raw materials in comparison remained much more supple. The effects of this divergence have had a much deeper influence during the two last decades than is generally recognized. Let us attempt to show how the violence of the 1929–1932 depression, which shook the capitalistic system to its foundations, was one of its direct consequences.

The reader will recollect that sometime before the stock exchange crash of October 1929 the prices of raw materials had already begun to sag. Wheat and rubber, for instance, started their decline in 1926. Later all raw materials followed suit, reaching their bottoms mostly in 1932. The intensity of the decline was staggering. Rubber fell from a high point of 79 to a low under 3; silk from 7 to 1; tin from 70 to 19; copper from 21 to 5; cotton from 22 to 5; sugar from 3.5 to 0.6. Economists may disagree on the initial cause of the decline; some ascribe it in part to a monetary cause, the increase in the purchasing power of gold, others to purely economic factors. But whatever the cause, the violence of the decline is a fact which in itself had disastrous world-wide effects. The economic rigidity of industrial countries did not enable them to follow suit. Prices of finished goods, maintained by fixed factors such as rents, taxes and rigid wages, declined only fractionally and with a considerable lag. As a result, countries producing raw materials lost their purchasing power towards industrial countries. Also, inside each country the producers of raw materials lost their purchasing power towards producers of finished goods. The consequent lack of demand for finished goods

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resulted in industrial unemployment. This unemployment, in turn, by reducing the consumption of employees and laborers, decreased the outlet of various industries, thus creating further unemployment — the spiral of depression. Laborers on sugar plantations in Cuba would have liked to wear American shoes; discharged workers of American shoe factories would have liked more sugar for their children; but lack of economic adaptability prevented the exchange of shoes against sugar. Producers of raw materials and producers of industrial goods stood with folded arms beside the huge heaps of their unsold wares.

With industrial rigidity what it is, each time that the price of raw materials changes drastically, for any reason, economic disruption is bound to follow. Obviously, then, the international problem of raw materials cannot be considered merely a territorial or a financial problem; it is part of the basic structure of world economics. Before we can solve fragments of the question we must first examine the fundamental problem — the relationship between raw materials and finished goods.

The first step is to recognize frankly that under political and economic conditions as they existed before the present war, as they are during the war, and as they will be — whatever the intervening changes — after the war, there is practically no hope of reversing the powerful trend towards greater and greater rigidity of industrial production costs. The various factors which caused this trend — concentration of industries in larger units, increased government regulation, increased taxation — will most probably be strengthened, not weakened by the war. But if we abandon expectation of reversing this trend there remains only one way in which we can hope to create greater harmony between raw materials and finished goods, namely to devise ways of preventing excessive fluctuations in raw materials prices, so as to keep them in line with the more stable prices of finished products.

Now we are forced to admit that previous efforts to stabilize prices of raw materials have not been outstandingly successful. Producer cartels generally have acted halfheartedly to prevent price rises and usually have broken down when they were most needed, on occasions of severe declines. Government action, in instances such as the American and Canadian wheat pools, has been taken under political pressure rather than on economic grounds. It has supported an artificial price, and so has further upset the balance of an already unbalanced situation.

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Let us, however, analyze the price structure of raw materials more closely. A few of them, such as nickel and sulphur, have not been subject to the wide fluctuations in price of the great majority. Why? Because the market for nickel and sulphur has been occupied by a few powerful producing concerns. These have not used their de facto monopoly in order to push prices to the limit in times of prosperity, but instead have preferred to increase sales; nor have they let prices drop abruptly in times of depression, but instead have preferred to curtail output. On the other hand, commodities such as rubber and copper, produced by a great number of concerns scattered in various countries, were subject to wide price fluctuations.

In a world where retail prices are set so largely by fixed elements and by custom and tradition — where a man who takes a cup of coffee in a drugstore does not really drink coffee so much as taxes, rents, wages and general expenses — the only prices of goods which before the war were governed by the law of supply and demand were those quoted on the commodity exchanges in London, Chicago, etc. The very existence of these markets, especially for forward transactions, has sometimes been blamed as a cause of wild price fluctuations. The answer is, of course, that you cannot cure a fever by breaking the thermometer. In fact, commodity markets were essential under the prewar economic setup; also forward transactions, even of a speculative nature, had a definite usefulness. While in exceptional instances speculation may have widened price fluctuations, its general effect has been to increase liquidity and to flatten rather than to sharpen the price curves; for speculators, foreseeing a movement, initiate it in advance and counteract it later when reversing their position. The real origins of movements in rubber prices were the Malayan plantations or the Akron factories, not the London Commodity Exchange. Had there been no forward transactions, the market would have been narrower; price movements, while the same in direction, might have been still greater.

Thus, if it is essential to promote greater stability in raw material prices we cannot escape the necessity of going to the root of the evil; it is not found in intermediate market factors, but in disorganized conditions both among producers and consumers. The example of nickel and sulphur show conclusively that when the concerted action of producers is strong enough and wise enough to adapt output to demand as well as to discipline their

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clients, greater stability of prices can be obtained. These are, however, exceptional circumstances, and it would be placing too much reliance on human nature to expect similar wisdom and discipline from the generality of producers. But I shall attempt to show that a method can be devised — in fact, has already unconsciously been adopted in its initial stage — whereby the problem might be solved from the consumer's end without the psychological and other hindrances which would prevent success from the producer's end.

The reason for the failure of the American and Canadian wheat pools already referred to is that they were economically unsound. Very different is the position of the Metal Reserve Corporation and the Rubber Reserve Corporation. In forming them the United States Government acted not as a producer but as a consumer. The wheat pool had been formed under pressure of the farmers for the purpose of enabling them to continue to produce goods for which there was no consuming outlet. The Metal Reserve Corporation and the Rubber Reserve Corporation were formed — belatedly, under pressure of events — for the purpose of acquiring and storing vital imported raw materials which the United States does not produce and which it requires as a consumer. The motive was mainly military and as such was sound; but had it been exclusively economic, for peace purposes, it would have been equally sound. The United States has in storage more than 20 billion dollars in gold, part of which may be considered as due to foreign depositors, but part of which is held by the Government as a kind of reserve of buying power in the outside world. To have purchased the total existing stores of certain raw materials not produced in the United States, such as rubber and tin, would have taken only a small portion of this gold reserve. What better use could the United States have made of its treasure than to acquire a stock of essential raw materials which have to be imported from other countries and which might soon run short?

Other countries, less wealthy than the United States, but which have endeavored to build up a gold and foreign exchange reserve, would also be well advised to divide their risks and use part of that reserve, even in times of peace, for acquiring and storing essential raw materials which they do not produce themselves and which must be imported from abroad. A gold and foreign exchange reserve exists mainly in order that it may be converted at will into commodities vital to the life of the nation,

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particularly raw materials that must be imported; the lesser of two risks would therefore be to constitute a part of this vital reserve in advance. Such commodity stocks, being regarded as a permanent reserve, would not burden the market as do stocks of raw materials produced within the country and held for the purpose of assisting the producer until foreign purchasers appear. The perishable nature of certain raw materials might present some problems, but it would not be hard to renew the stock constantly by using the stored commodities gradually and replacing them by new purchases.

Each country should thus form a government owned or a government controlled "National Corporation for Imported Commodities." Far from being a step towards autarchy and against private initiative, as might appear at first glance, this actually ought to favor international coöperation and help revive the spirit of private initiative. But the first step has to be taken within the national framework, because for a period of time nations will probably insist that not only their gold but also their essential raw materials shall be entrusted to national bodies.

One purpose of these National Corporations would be, as explained, to constitute a reserve of raw materials for war or peace. Another purpose, perhaps as vital, would be to contribute to the stability of prices of raw materials. They thus should endeavor to increase their purchases when the prices of the raw materials which they import decline more than the general price index; conversely they should be authorized to sell a part of their accumulated stocks when the prices of imported raw materials rise more than the general price index. The National Corporation of each country should remain in constant touch with the National Corporations of other countries and also with cartels of producers of those raw materials in which it is interested.

Is it wise for the same National Corporation to be trusted to acquire and store raw materials as well as to try to stabilize their prices? There is an illustrious precedent for such a dual rôle. Under the international gold standard, as it worked before the First World War, gold was used as a reserve and at the same time as a means of stabilizing foreign exchange. Some will protest that there is a vast difference between the automatic traditional gold standard and the managed action which I have described. The answer is that, widely held opinion to the contrary, the traditional gold standard did not work automatically, but was man-

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aged. Central Banks endeavored to correct gold movements by a managed discount rate and kept in touch with each other for that purpose; to a certain extent they even coördinated their policies in regard to the expansion and restriction of credit. One of the reasons the international gold standard broke down, following attempts to restore it at the end of the First World War, was that the increased industrial rigidity, analyzed above, compelled a discontinuance of this particular form of management. Whatever the causes — political, economic or social — no industrial nation any longer dares to permit great fluctuations of interest rates solely in order to correct international movements of capital; and that was the essence of the system. National economies no longer are supple enough to be influenced by the delicate clockwork mechanism of the traditional gold standard. The regulation of the machine demands additional forms of coördinated action.

There is also another interesting precedent. When Great Britain went off gold, France, for a while, attempted to practice the international gold standard alone. So did the United States after 1934. But in 1936 the United States, Great Britain and France signed the tripartite monetary agreement, and the Netherlands, Belgium and Switzerland gave it their adherence. This was analogous to the international gold standard: the Exchange Equalization Funds were provided with a gold reserve in order to stabilize foreign exchange.

Thus we might hope that the various National Corporations would attempt to concert their action in the same way that Central Banks and Exchange Equalization Funds have tried to do. As a matter of fact, the whole setup would be much more efficient if the authorities in charge of a nation's reserves of gold and foreign exchange also were put in charge of the National Corporation controlling the reserve of imported raw materials; for thus they would be in a better position to decide the proper allotments between reserves in gold, foreign exchange and imported raw materials. Together these might be termed the national reserve of foreign purchasing power.

It is a question whether there should be an international clearing corporation which would render the National Corporations for imported commodities the same kind of service that the Bank of International Settlements was supposed to render the Central Banks. In any case, however, the forms of coöperation between National Corporations could be similar to that of Central Banks

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and Exchange Equalization Funds. For instance, to save shipping expenses and risks, raw materials could be earmarked by one National Corporation for another, as gold is earmarked. In short, instead of being confined as formerly to the supply and demand of means to purchase foreign commodities, the concerted stabilizing action of monetary authorities might in future be advantageously extended to the supply and demand of foreign commodities themselves.

To avoid misunderstanding, let me emphasize that this should not be construed as a plan for a state monopoly of foreign trade. I conceive of the action of the National Corporations on the raw materials markets exactly in the same light as the Exchange Equalization Funds act on the foreign exchange markets. Far from suppressing the foreign exchange markets, the Exchange Equalization Funds utilized and stabilized them. Similarly, the action of the National Corporations should utilize and stabilize the raw materials markets.

But (some may object) might not the gradual building up of permanent reserves of imported raw materials in all nations lead to a dangerous price inflation? On the contrary, if that development took place during the period of postwar readjustment it might have the highly useful effect of correcting a dangerous postwar deflation such as occurred in 1921. Later, when the reserves had been built up, stabilizing price action should take place.

If National Corporations for imported commodities had been in existence in 1932, the world depression might have been far less severe. At that time, France and other countries, fearing a depreciation of the dollar, withdrew large amounts of dollars and converted them into gold. Had National Corporations been in existence and functioning, France and other countries which wanted to get rid of their dollars would probably have seized the opportunity to buy cotton and copper at the lowest prices in several decades. This would have been welcome in the United States. For while the conversion of dollars into gold had a strong deflationary effect in the United States, just at the worst time of the world depression, their conversion into cotton and copper would, on the contrary, have been highly beneficial.

Further, if National Corporations for dealing in imported commodities had been in existence in the United States, Great Britain and France since, say, 1934, the whole course of the war might have been different. When the officials in charge of them saw the

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war looming on the horizon, they would naturally have decided to increase their purchases of strategic raw materials. In the absence of such National Corporations there was no authority in any of the three countries which felt a particular responsibility to take the necessary steps.

At this point one of my own experiences may be of interest. In 1938 a high French official and I submitted to our Government a plan for organizing a "war chest" which in addition to gold and foreign exchange would include several vital imported raw materials. We pointed out that in major wars the prices of raw materials always rise; that it is better to have stocks of vital raw materials on hand rather than to wait till the stringency occurs and then set about importing them at increased freight costs and at the risk of their being sunk by enemy action; and that in any case it would be wise to divide risks and not to have a "war chest" made up exclusively of gold and foreign exchange. The Prime Minister gave the plan hearty support, but notwithstanding this various permanent high officials of the Government succeeded in blocking any action on it. Like the members of the French General Staff who opposed General de Gaulle's plan for mechanized divisions, they preferred to lose a war according to established rules rather than to win it by breaking them.

III

The way is now open for us to approach the problem of "equal access" to raw materials. I said at the outset that "access" would be worthless if it meant merely the right to purchase raw materials free from export prohibitions or discriminatory export taxes. It must also include the means of making the purchases.

The present stage of the war is characterized by a scramble for raw materials; various economic steps may also be military steps, dictated by dire necessity, whether or not they form part of any carefully thought out comprehensive plan. However, several of these wartime agreements can help us in planning and building up a better international economic order. Technical details of the most recent agreements have not yet been made public; but the Franco-British financial and economic agreement of December 4, 1939, may now be analyzed. It was one of the most far-reaching agreements ever entered into between two nations, for its aim was nothing less than to pool all the raw material resources of the two empires and to establish monetary stability between the two cur-

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rencies. Its immediate purpose, of course, was primarily a war purpose. But in the minds of its originators it meant much more than that; they thought of it as the first concrete step towards establishing a European economic federative system, and they intended to offer European neutrals at least partial benefits of it. The turn taken by the war decided otherwise, but not for ever.

It is worth making a short analysis of this agreement because it contains several clauses which offer valuable precedents for future economic coöperation. The most original and constructive of these has already been mentioned — that for pooling all the raw material resources of the two empires. Before December 4, 1939, the British and French Governments, although allied, each claimed a prior right to the resources of its own empire. For instance, France could not buy Rhodesian copper, because the British Government wished to keep all British Empire copper for its own needs; in consequence, France had to call upon her foreign exchange resources or use her gold for purchasing copper in the Belgian Congo, Chile or the United States. A new policy was established to take the place of this tug-of-war. Copper will serve as an illustration.

A Franco-British "executive committee" was to establish the respective copper requirements of Britain and France. Suppose, for instance, the British requirements were found to amount to 70 percent and the French to 30 percent of the total requirements. The new agreement stipulated that in this case the British Empire would have to put 70 percent of its total resources at the disposal of the British Government and 30 percent at the disposal of the French. Further, in accordance with the clause of unlimited financial assistance, the British Government would have to advance to France the total amount of sterling needed for purchasing that 30 percent allotment. The agreement went even a step further, and provided that if for any reason the British were unable to deliver the allotted copper to France they would have to remit to her either gold or United States dollars to the amount of the difference between the value of the 30 percent agreed upon and the value of the copper actually delivered. Needless to say, the principle of complete reciprocity was established: the British Government could dispose of the raw materials of the French Empire on exactly similar terms.

The most remarkable feature of this remarkable agreement is that it actually worked. During the half year between its signa-

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ture and the French armistice, the raw materials of the two empires were in fact allotted and delivered as stipulated. This achievement was due partly to the outstanding ability of the French Financial Attaché in London, who was one of the originators of the scheme and who followed it through in action. The important point to establish, however, is that an agreement of this sort could be established and that it could operate practically.

The clause of unlimited mutual financial assistance also constitutes an interesting precedent. The British and French Treasuries agreed to put at the disposal of each other any sum required for any expenditure, either by the British Government in the French Empire ("franc area") or by the French Government in the British Empire ("sterling area"). The technical method adopted was to instruct the Exchange Equalization Fund of each country to purchase without limit any quantity of the other country's currency. Obviously such a method of financing amounts in practice to considering the two currencies as one and the same currency; it could be conceived of only between two allies who considered their fate bound irretrievably together and each of whom had total confidence in the stability of the other's currency. As I shall attempt to show, however, the method might be developed, with certain important modifications, into a useful instrument of international financial coöperation.[2]

The general task is to find a way of solving the problem of access to raw materials by international coöperation. For present purposes, while the war is still going on, let us think of a community of allied and friendly nations.[3] For the future, let us visualize a postwar world of peaceful nations. In that world, let us visualize a kind of club initiated by the principal nations, membership in it to be open to all friendly nations under certain conditions. The club would be formed for the purpose of granting each member nation financial facilities for purchasing raw materials from other member nations. Each member nation would use

[2] The British and French experts also examined the case where the amount of currency of one country held by the other might rise to such a figure that it would prove a serious embarrassment to both. It was decided that when the debit balance rose above a certain figure it could, at the option of either party, be converted into debentures expressed in the currency of the creditor country and yielding interest at 3 percent per annum. Actually, down to the time of the French armistice the balance remained constantly in France's favor; but at no time did it reach the figure where debentures might have been issued.

[3] This community should include the Latin American Republics; also, I hope, the French possessions fighting on the Allied side.

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its "National Corporation," on the lines already indicated, as the instrument for acquiring, storing and distributing domestically its imported raw materials, as well as for obtaining the required external credits.

Financial facilities could take the most varied forms. During the war, probably, they would (apart from lease-lend) be limited to short-term facilities; later they might be extended to cover medium and long-term financing. In this connection it may be interesting to note that the breakdown of international long-term financing after 1930 was due to four principal causes: (a) losses sustained by investors owing to the failure of Central European and Latin American states, due in part to the steep decline in prices of raw materials; (b) monetary depreciations and foreign exchange uncertainties; (c) political insecurity and the gradual growth of the menace of war; (d) a pervasive feeling of distrust about the future, including fear of social upheavals and revolutionary changes in the world's economic structure. If general confidence is ever restored, long-term international financing could take the more constructive form of equity financing through investment trusts. Even this rough analysis will have shown what far-reaching measures of international reorganization must be undertaken after the war in order to restore the possibility of international long-term financing. On this possibility may depend the future of world development in the durable goods industries and therefore, perhaps, world prosperity itself.

Now let us analyze the methods of short-term financing more closely, for at the moment they are the measures of the greatest practical interest. Usually they take the form of credits expressed in the currency of the creditor country. Under the Franco-British financial agreement, however, they took the form of the purchase of one nation's currency by the other nation's Exchange Equalization Fund. We shall attempt to show that this particular form, with certain modifications, has interesting possibilities for our present discussion; because it approaches most nearly the operation by which a country pays for raw materials in its own colonies with its own currency.

To make this point quite clear, it may be useful to recall that, before Great Britain went off gold in 1931, a Central Bank customarily held large amounts of the currencies of other countries. Under this system, usually designated as the "gold exchange standard," the Bank of France and the Netherlands

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Central Bank had accumulated large sterling balances. When the sterling was devalued they suffered large losses. From then on, in order to avoid the repetition of such losses, Central Banks and Exchange Equalization Funds adhered to the practice of requesting conversion into gold of the foreign exchange balances which they acquired. This system was usually called the "gold bullion standard." It was confirmed by the tripartite monetary agreement, whereby each adhering party promised to redeem in gold, within 24 hours, the amounts of its own currency acquired by the Exchange Equalization Fund of another adhering party.

As a matter of fact, both the "gold exchange standard" and the "gold bullion standard" are unsatisfactory methods. The first, in addition to its inflationary dangers, entails unnecessary risks; it is unreasonable to expect one country to hold, without a guarantee of some kind, another country's currency. But the gold bullion standard tends to operate the other way; it also is unreasonable to consider the currency of a friendly country as potentially entirely worthless and to demand instantaneous and total redemption for it. For it should be kept constantly in mind that, when one country holds the currency of another friendly country, it holds purchasing power in the latter country; and that is worth something.

Is it possible to devise a system which does not, like the gold exchange standard, imply one hundred percent confidence in another country's currency, nor, like the gold bullion standard, imply one hundred percent lack of confidence? A plan has been worked out with the same French financial official whom I already have mentioned as urging, before the outbreak of war, the formation of a raw materials reserve. Under this plan, if the proposed club of friendly nations was to be formed for the purpose of financing "access" to raw materials, the Exchange Equalization Fund of each country would undertake to accept the other country's currency, at least in partial payment. In order to protect the selling country against loss on that currency, the purchasing country not only would undertake to make compensation for any depreciation of its own currency, but would deposit as collateral a certain percentage of gold or other approved security offering a reasonable margin of safety. The amount so deposited would vary according to circumstances. As in the case of private secured loans, the margin might vary from, say, 10 to 30 percent under ordinary circumstances. If an exchange depre-

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ciation should occur, additional collateral might be requested.[4] Not only might the collateral consist of the currency of another country — for example, United States dollars — but it also might include raw materials deposited with the National Corporation of the creditor country or with that of an agreed third country. The system could be made extremely flexible, with very useful results, especially if some kind of clearing organization could be devised for these National Corporations.

Here is the point for our present discussion. If some such method of financing could be adopted, countries without colonies would, as regards "access" to raw materials, be in practically the same position as countries with colonies. This would be the more true in that the advantage which a country supposedly enjoys when it effects purchases in its own colonies with its own currency, is not, in a peaceful world, as real as appears at first sight.

What is the real significance of being able to buy goods in one's own colonies with one's own currency? Does it mean that one can obtain those goods by a kind of inflationary process and without shipping goods in exchange? Certainly not, unless the goal is mere plunder, on the lines of what the Nazis do in conquered countries, something wholly inconsistent with the colony's ultimate welfare. What it does mean is that the colony will ship its goods to the mother country and accept from this country other goods in exchange. The exchange of goods, instead of being bilateral, might even be multilateral: thus Indo-China shipped rubber to France, received francs in return, sold part of those francs on the foreign exchange market against yens, and purchased Japanese goods. In time of peace, in the absence of discriminatory measures, and with suitable financial facilities available, the advantage which a country seemingly enjoys in being able to purchase raw materials with its own currency decreases to the vanishing point.

However, both for countries with colonies and for those without colonies, there is one essential condition if the financial facilities permitting the purchase of raw materials are to be sound. This condition was not fulfilled during the intermediate period between the two World Wars. I refer to a reasonable freedom of

[4] This method, similar to that used in the case of private loans, is justified by the fact, already mentioned, that a country's currency represents purchasing power. There is nothing out of the way in requesting a commitment against loss from depreciation, backed with a deposit of collateral intended to cover a reasonable margin of depreciation.

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international exchange, not only of raw materials, but also of finished goods. A country cannot be sure of being able to repay the outside world for loans incurred in the purchase of raw materials unless it is able to resell to the outside world the finished goods produced with these raw materials.

The problem of the freer exchange of finished goods is outside of the scope of this article. I wish to state most emphatically, however, that neither the problem of access to raw materials, nor any other world economic problem, can be solved unless it is realized that, for countries as well as for individuals, specialization is the key to improved living standards, and that this cannot be attained without a broad exchange of goods and services. Nations have been acting like families in primitives societies who try each one to bake its own bread and weave its own clothes. The great challenge to statesmen in each country after this war will be this — Will they have the courage and the strength to override the powerful pressure of vested interests, both capital and labor, and to cease favoring the production of goods which can be produced elsewhere more efficiently? Will the United States, above all, be able, as a creditor nation with giant industries, to discontinue its former policy of a debtor nation with infant industries? Will it take the leadership of the movement for a return to world trade? The solution of the problem of raw materials, like that of all other economic problems, rests finally on this momentous decision.

In the present great upheaval in which so much is engulfed, but out of which also so much may spring, we see the outlines being drawn of a new world economy. This new economy will neither be *laissez-faire* nor compulsion. Methods of production have reached a point where the only unsolved problem which stands between the nations and world prosperity is a problem in the technics of distribution. Mankind, which during the last century succeeded in mastering so many natural forces, failed in these last decades to solve a problem which involves only a question of human organization. The modest purpose of this article has been to outline, as a partial step forward, a solution of the problem of access to raw materials, not on the basis of territorial claims — which can only lead to war — but on the basis of a system of distribution which might help to build a lasting peace.

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THE ECONOMIC TASKS OF THE POSTWAR WORLD

By Alvin H. Hansen and C. P. Kindleberger

THE United States is passing through a great psychological crisis. It is having to think out afresh its whole fundamental conception of its place in the world and its relationship with other countries. In the nineteenth century European immigrants by the millions quit the Old World in search of opportunities for a better life in the New. The vast stretches of the American west — its forests and fertile plains, its mineral wealth and latent resources of power — conjured up a restless spirit of enterprise. There was a will to do among Americans of that period, whether old settlers or fresh arrivals, a will to grow, to build a new society in the New World free from the restrictions upon individual opportunity which had been characteristic of the Old. Average Americans in that age felt little direct concern for the affairs of Europe. They wished merely to live their own lives. To be sure, many Americans still have the habit of thinking in those same terms. But even they are beginning to feel uneasy about it. A second World War after only two decades has come as a rude shock to the conception that we can handle our own affairs without regard to the reactions of other nations, even ones that are far distant according to former terms of measurement. We begin to see that the problems of Europe, and of Asia as well, have become our problems also.

The task of the nineteenth century was one of engineering — to build up productive capacity, to develop physical resources, to construct capital plant and equipment and to train human skills. The task of the twentieth is to create more secure and mutually profitable relations between the peoples of the world. This task calls for equal inventiveness, equal daring and equally bold leadership. And it requires large outlays of the world's resources.

Prior to this war the United States spent no less than a billion dollars a year to attain physical security. When this war is over we shall need to spend several billion dollars a year as the American contribution towards laying the foundations of international security. Much more will be involved in this than merely maintaining an adequate military force. Alongside the program for international military security must be set a comprehensive

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program of international economic development, the promotion of full employment and the raising of standards both of production and consumption throughout the world.

During the First World War the planning which was done for the postwar period was mainly political. The feeling was that if a better political world could be constructed the economic problems would adjust themselves as a result of the play of "natural" forces. In actual practice, these operated with a substantial degree of success until 1929. But with the collapse of the world's economic organization in that and succeeding years, the political arrangements planned during World War I and hammered out at Versailles and in Geneva gave way.

The foregoing brief outline admittedly is over-simplified. But it emphasizes how necessary it will be for us to combine economic with political planning after this war. A spate of books, pamphlets and articles on the economic problems that will then confront us testifies that the necessity is widely recognized. It was also given recognition by the inclusion of "freedom from want" among the "Four Freedoms" enunciated by President Roosevelt. The Atlantic Charter signed by him and by Prime Minister Churchill, and subscribed to by the United Nations, recognizes it both in Point IV (access on equal terms to the trade and raw materials of the world) and in Point V (international collaboration for improved labor standards, economic adjustment and social security).

This is the imaginative and dynamic approach. There are still a good many people deeply concerned with problems of international security who think exclusively in terms of political arrangements and economic mechanisms such as tariffs and currencies. We would call that the passive approach. The arrangements and mechanisms which they favor are important, and appropriate means must be found to give them effect. But many economists are coming to think that action along these traditional lines would by itself be wholly inadequate. It is increasingly understood that the essential foundation upon which the international security of the future must be built is an economic order so managed and controlled that it will be capable of sustaining full employment and developing a rising standard of living as rapidly as technical progress and world productivity will permit. The very survival of our present institutions, including political democracy and private enterprise, depends upon our taking a bolder attitude toward public developmental projects in terms

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both of human and physical resources, and both in our own country and throughout the world.

Many questions at once arise. What will be the rôle of government in postwar economic life? Will business enterprise outside of government be organized predominantly along cartel lines, with increasing restraints on competition? Will international trade be based on principles of non-discrimination or will each country make the best bargains it can obtain on a bilateral and separate basis with each of its trading partners? Will the world break up into autarchic countries, pairs of countries, or regions, including empires, continents and hemispheres? Or will each country tend to specialize in the production of those particular commodities which it can produce most efficiently and trade on the widest possible basis?

These questions are practical ones, and like most practical questions it is impossible to answer them categorically either as a forecast of the future or as a guide to desirable policy under the unforseeable conditions of the future. It can merely be said that in time of war governments must and do assume more direction of economic life; that after this war they will probably be given increased responsibility for trying to get rid of unemployment in their respective nations and to establish higher minimum standards for the low-income groups; and that while the degree of control exercised in the postwar period will be less than that exercised during the war, it nevertheless will be greater than it used to be before the war. No final answers can be given, however, to questions as to the extent to which a government should intervene or will intervene in the economic life of its citizens. The same is true of attempts to determine now the rôle in the postwar world of such things as cartels, competition, non-discriminatory trade, foreign-exchange control and long-term commodity purchase contracts. We can merely make up our minds what their rôle would be within the framework of a wide range of different conditions. It is important to study such questions during the war in order that we may be cognizant of the new institutional forces at work and plan to adapt them to desirable social and economic ends. In this article, however, we shall consider more fundamental tasks of postwar economic policy, particularly in terms of international collaboration.

Let us start with the aims given expression in the President's "Four Freedoms" speech and the "Atlantic Charter." Those

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statements are open to criticism on the score that they are at the same time too broad and too narrow. Parts of the latter document, in particular, are Delphic; while the point dealing with equal access to raw materials is a broad pronouncement on the economic organization of the postwar world which calls for applied exegesis if it is to be given definite content. The ideals of freedom from want, improved labor standards, and social security still await a specific program of international collaboration for the elimination of unemployment and the increase of productivity in backward acreas.

In view of the foregoing, the larger aims of economic policy in the postwar world seem likely to be the following: 1, a positive expansionist program designed to achieve and to maintain full employment; 2, a program of development designed to raise productivity throughout the world; and 3, the establishment of higher minimum standards of nutrition, health, education and housing everywhere. We venture to assert that international collaboration to achieve each of these three ends will constitute the primary economic task of the postwar period.

II

The elimination of large-scale unemployment must be undertaken through international collaboration rather than by the separate action of individual countries. Primary responsibility evidently rests on each country to find employment for its own labor; but there is an important secondary responsibility which must be added. A country should not, for the sake of creating domestic employment, force exports into areas where that action would displace equally or more efficient labor engaged in making the same products. Similarly, no country should cut off imports from an efficient source of supply for the purpose of shifting the associated employment from foreign to domestic labor.

International responsibility for collaboration in the elimination of unemployment must, however, go much further than this. A country's level of national income is affected — among other influences — by the balance of payments by and to foreigners. When receipts received into the income stream from abroad exceed payments, the national income tends to rise; but in other countries where payments exceed receipts, the income tends to fall.

Because of these cumulative influences of foreign transactions

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on national income, it is difficult for a single country to restore employment by its own independent action without cutting itself off from world trade. As incomes rise, increasing amounts are spent for imports, *i.e.* are paid to foreigners who may spend them in their own countries or in third countries. The effects of a purely national anti-depression policy thus spill over into other countries and wither away. But if all countries were to coördinate their anti-depression measures, then no one of them which pursued an expansionist policy would see its efforts dissipated abroad. And no country would find it necessary, as happened so often in the thirties, to cut itself off from world influences in order more effectively to restore employment at home.

The great democratic countries, notably the British Empire and the United States, which command an overwhelming proportion of the world's resources, failed most miserably to achieve the full and efficient use of those resources in the two decades between the two world wars. They made inadequate use of their resources because they permitted vast unemployment to persist over long periods and failed to stop the devastating effect of deflation and depression upon the whole world economy. This failure, and the sense of economic frustration ensuing therefrom, clearly were among the basic causes of the chaos and conflict in which the world is engulfed today. It should not be forgotten that between the two wars we witnessed the destruction of free enterprise and free political institutions in approximately half of the western world. If democratic political institutions are to be preserved from a similar fate again we must learn how to make better use of our economic resources than we have done in the past.

If we do not deliberately adopt a wholly new attitude towards the problem of employment, economic frustration will again lead to chaos and war. International security will not be achieved merely by the defeat of the Axis Powers, and it will not be maintained solely by the establishment and maintenance of an international police force. A well-rounded plan for international security needs also to contain a coördinated program of internal economic expansion in the major industrial countries for the purpose of promoting and maintaining full employment.

Under modern conditions, the most important single factor affecting general world prosperity is the level of income in the great industrial countries. In particular, if the United States continues to be subject to violent industrial fluctuations the

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world can have little hope of achieving stability. Recent decades have revealed how predominantly American prosperity influences world prosperity. For example, we have seen how responsive American imports are to increases in the American national income. As output in our great mass-production industries rises and our national income approaches the level corresponding to full employment, we increase our imports of raw materials, especially from Canada, the Far East and Latin America, but also from other parts of the world. Moreover, at that income level, in spite of our high tariff, we purchase large quantities of specialty and luxury products from the more advanced industrial countries. There is a further factor. After the last World War our high national income induced us to increase our tourist expenditures abroad to an unprecedented volume. It may be expected that in the future the great development of travel by air will increase this item in our invisible imports even beyond what was known in the twenties. The point is that domestic prosperity in the United States spreads purchasing power throughout the world and tends to increase the volume of world trade in goods and services.

Collaboration among countries for the purpose of eliminating unemployment must also be considered in terms of "economic adjustment." Britain's export problem, and hence her unemployment problem, will not be solved automatically by the mere creation of a prosperous world with large buying power and a high volume of international trade. The hard core of unemployment in England in the period between the wars was in textiles and coal, both of them exporting industries. It was found necessary to shift labor in considerable measure from the north and west of England to the south — into residential building and into consumers' goods industries producing for the home market. In the future, British ingenuity will have to be applied more than ever to finding ways of adapting British productive skills to the requirements of the world market. Intelligent planning of steps for the rehabilitation of blighted areas, with their heritage of unemployment, low productivity and low consumption, is vitally necessary.

We do not claim that the gains from the coördination of anti-depression policies will be revolutionary. In the process of adjustment from war to peace, which will continue long after the armistice and far beyond the period of relief and immediate reconstruction, each of the larger industrial countries must in the main make its way to fairly full employment by itself. But the

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process of gaining and maintaining full employment will be eased for the larger countries as a group, and for the galaxies of smaller countries which are dependent upon them, if the expansionist policies adopted rule out mercantilistic practices which aim to promote employment by forcing uneconomic exports (through subsidies and otherwise), and which gain for one country at the expense of others; and if expansion in one country is not defeated by contraction in another.

The experience of the thirties showed that deflation tends to spread throughout the world in a cumulative process. Deflation in one country feeds upon deflation in another. The way to halt the cumulative process of deflation at the outset is to adopt coördinated policies which promote employment through measures for internal expansion rather than to rely on unilateral policies which are designed to expand a single nation's exports and which in turn tend to depress employment abroad. In this program the United States has, and must recognize that it has, a vital interest.

III

There is a further task in which the United States must engage in the postwar period in collaboration with other nations. This is the task of increasing world productivity. We have made a start in that direction by such methods as the provision of cheap power, the control of floods, the checking of soil erosion and education in efficient agricultural methods. But much remains to be accomplished. And outside the United States there are even wider differences between actual and potential productivity.

Education as to the need for increasing production has already progressed so far that in practically every nation the government is now fairly well aware of the jobs which have to be done both within its own borders and in conjunction with neighboring nations. Nevertheless a comprehensive world resources survey needs to be made jointly by the industrially advanced nations and those which are relatively undeveloped. A dozen great development projects will have to be undertaken in the postwar period — the reconstruction of Danubian agriculture on the basis of farm machinery instead of peasant labor, the development of the Amazon Valley, the control of the flood of the Yellow River, and others of similar magnitude. Before World War II, the Soviet Union obtained private technical assistance from abroad to aid in

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the construction of its hydro-electric plants and steel undertakings. But it borrowed capital in foreign countries only with the greatest difficulty, with the result that the Russian people were obliged to tighten their belts — in some years to the point of starvation — in order to provide the capital outlays required. After the war, other nations which awaken to the opportunities for development and feel the need for capital will be tempted to follow the same unfortunate methods unless foreign capital is forthcoming.

It should be. Capital and technical skill should both be made available under international governmental auspices. The lending governments should of course assure themselves that the projects to be undertaken are reasonably capable of achieving the desired results and that the countries in question are themselves providing as much capital and technical skill as possible and are assuming the maximum responsibility possible for making the undertakings a success. In exchange for these assurances, they should be willing to lend capital. In the first instance it would be money, but actually as time went on this would be transformed into turbines, steel, cement mixers and steam shovels. The rates of interest, if any, should be low and payments should be asked for over extended periods of time. Repayment would become possible in the long run as the productivity of the region in question was increased; and the exchange aspect of repayment would not be unmanageable if world prosperity and full employment were maintained.

Former methods of foreign lending and investment are no longer suitable from the standpoint of either the lending countries or the borrowing countries. New machinery must be devised. The relatively new device of the Government Corporation or the Government Authority might very well be assigned a major rôle. A sort of International R. F. C. might prove a suitable device for stimulating foreign investment. On the one side, there will be need for an international public development corporation to promote large-scale projects in industrially backward countries and areas; on the other side for an international authority under which private corporations seeking foreign investment outlets could obtain minimum guarantees based on the principle of insurance, and under which their operations and conduct could be regularized.

What is the interest of the United States in such a program?

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It will appeal to some because of the stimulation of exports of capital equipment which would result. To others, the utilization of formerly arid lands or the construction of railroads and highways will offer an occasion for private enterprise to develop new plantations or hitherto inaccessible mines. Still others will hope that the increase in productivity of the improved region will bring increased sales of United States goods — either exported directly or fabricated in branch plants in the countries concerned. Of course, the direct outlays on the sort of development projects which we have in mind will not always bring back 100 cents on the dollar. Nevertheless, it can be said in general that the indirect effects of an international program of expansion will reinforce and sustain our internal program of expansion. Moreover, such a program constitutes an investment on behalf of international security. The cost should be considered in the same category as the cost of educating our youth, maintaining police and fire-fighting forces and supporting the army and navy. The benefits of these expenditures are real even though they cannot be measured in terms of money or bookkeeping. Increases in the productivity of the Balkan peasant, of the Hindu and Moslem in India, of the Chinese may seem of remote interest to many Americans; but they will contribute in the long run to both the economic and the political security of the United States.

IV

With increasing productivity will go increased consumption and better conditions for millions of people who formerly lived under, or very close to, subsistence standards. Thus it is appropriate that when the time comes for the world to tackle the problem of increased productivity it also shall make a start at increasing the scale and efficiency of consumption. This, like the effort to reduce or eradicate unemployment and the development of unproductive areas, is partly a domestic task, partly an international one.

To the extent that consumption is inefficient and wasteful through lack of knowledge there is a task of education to be performed. This must be undertaken mainly by national governments. Similarly, the improvement of housing standards for lower income groups is a job for domestic authorities. At the same time, an international contribution can be made through the exchange of research information and technological developments. The

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methods are familiar to us all from the work of the Economic and Intelligence Service of the League of Nations and that of the International Labor Office.

In the special field of nutrition there is a great opportunity for work on an international and collaborative basis. In many countries of the world the masses have entirely inadequate standards of nutrition both as regards quantity and especially as regards quality. They can by degrees be given the proper diet — the right balance of proteins and vitamins, particularly in the so-called "protective foods" such as dairy products, eggs, citrus fruit and leafy vegetables — only through a concerted international effort to improve the methods by which the proper foods are produced and to cheapen them for the ultimate consumer. This involves persuading nations to give up expensive methods of producing staple foods in the interest of national self-sufficiency, turning instead to the production of more dairy products and fresh vegetables, and to undertake the development of diversified production in monoculture areas. An adequate diet for the population of the United States (which is an exporter of agricultural products) would call for us to increase the output of milk in this country by 35 percent over the 1941 figure; of eggs by 25 percent; and of vegetables by 90 percent. Unless agricultural technological progress makes further rapid strides, this procedure would engage a part of our land and farm labor which is now producing food for export. The gradual adoption of a similar standard of diet by other peoples which have been less well fed than Americans have been, and which already are importers of food or else barely are self-sufficient, would require those peoples to increase their food imports on a large scale as well as to undertake an enormous expansion of the acreage now devoted to the production of protective foods.

The need for international collaboration here is plain. Adjustments in the use of land now engaged in agricultural production will have to be planned. The advantages of efficient techniques and machinery will have to be spread from progressive to backward agricultural areas. Means will have to be devised for bringing an adequate diet within the purchasing power of the masses of the population. Public health officials, government agricultural authorities and farm economists have declared that these tasks can be accomplished through international collaboration. Many countries have grown increasingly aware of the problem in the

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course of the present war as a result of the destruction of crops and the elimination of accustomed channels of international trade. When the war is over, public opinion will doubtless demand that governments undertake broad programs for improving nutrition, health and housing. These domestic programs can be carried out more effiectively through international collaboration.

V

These, then, are the basic economic tasks which will confront the world after the war — the elimination, or at any rate the vast reduction, of unemployment; the improvement of wide areas of low economic productivity; and the increase of consumption and its direction into more efficient channels. Together they challenge the courage and creative genius of mankind.

If the United States determines to take the lead in helping attain these goals it must realize that a heavy cost is involved. But that cost would be far less than the costs of new deep depressions and new world wars. *That* is something which we really cannot afford. In the past we have failed to recognize the great responsibility which goes with vast power, political and economic. We must be prepared to make a contribution in both fields. We must recognize our political responsibilities for maintaining world peace; and equally we must recognize our economic responsibilities for achieving and maintaining world prosperity.

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THE TRAGEDY OF THE MAGYARS

Revisionism and Nazism

By Rustem Vambery

UP to the early nineteenth century Hungary was not a national but a Christian state with Latin as its official language. In the high schools all subjects were taught in Latin and as late as 1830 students who ventured to speak their mother tongue in the classroom had to sign a *liber asinorum* — a book of asses. In the upper strata of society the language of conversation was chiefly Latin and German. Only the serfs spoke their native tongues. We must not forget that, owing to the Habsburg policy of settling non-Magyars in areas depopulated in the Turkish wars, by the end of the eighteenth century not more than 29 percent of the population was Magyar. Nevertheless, prior to the national uprising in 1830, the multilingual masses lived together in perfect harmony and peace. They all were equally drudges, laboring to maintain the nobility — five percent of the population — in self-satisfied exuberance.

When the rising tide of nationalism reached Hungary after the Napoleonic deluge it came not by way of the middle class, as in most western countries, but through the efforts of aristocrats such as Count Széchényi, who became aware of the backwardness of the lower nobility, and through men of letters who discovered the Magyar language and the Magyar people. As the Holy Alliance was engaged in an attempt to suppress nationalism wherever it sprang up, the Magyar ruling class, in its effort to establish its national independence, was bound to embrace liberalism, which, like nationalism, was a heritage of the French Revolution. Under the influence of this true liberal spirit, which had brilliant representatives such as Eotvoes, Deák, Szalay and others, it happened that many Slovaks, Germans and Serbians turned Magyar. Paradoxical as it sounds, most of the non-Magyar population became Magyar at a time when no pressure had as yet been brought to bear on them to do so. During the 60 years between 1790 and 1850, the number of Magyars in Hungary increased 15 percent; while during the following 60 years, despite mounting prosperity and strong attempts at Magyarization, the increase was only 9 percent.

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By the end of the nineteenth century, when nearly half the population of Hungary was listed as Magyar, non-Magyars enjoyed the prerogatives of the ruling classes only in so far as they conformed to the assumption that Hungary was a Magyar national state and renounced their own cultural independence. After the Compromise of 1867, the Habsburgs availed themselves of the services of the Magyar ruling class to police the non-Magyar minorities most efficiently. Francis Deák, who negotiated the Compromise, realized fully that the failure of the struggle for independence in 1848–49 had been partly due to the fact that the non-Magyar minorities had been antagonized. His objectives were to bring about the honest collaboration of the national minorities and to coax the Habsburgs into giving real independence to a united Hungary. This was why the law of 1868 granted the minorities full cultural autonomy. A year after his death in 1876, a newly formed coalition government, labelled "liberal," disavowed Deák's policy and embarked on a program of artificial Magyarization. This merely embittered the minorities. The closing of all Slovak high schools and the limits set to cultural activities of the minorities induced Slovaks who could afford it to send their children to Prague and Rumanians to send theirs to Bucharest, where they graduated as future propagandists for the cause of separation from Hungary.

Meanwhile, due to the loss of serf labor and unwonted taxation, and because they nevertheless continued their accustomed easygoing life, most of the Magyar nobility were plunged heavily into debt. Once they had squandered the indemnity paid them for the loss of their serfs, they sought refuge in the already overstaffed civil service. Within a single decade, 1892–1902, the number of civil servants was doubled.

There was no development in Hungary, as there was in western Europe, of a self-conscious bourgeoisie. The leaders in trade and industry were Magyarized Germans and Jews. The "liberal" régime of the ruling classes not merely tolerated them but collaborated with them as members of boards of banks and industrial enterprises. Magyarized non-Magyars who met with success in economic and professional life promptly joined the nobility, aping its external customs and adopting its habits of mind. Budapest's rapid development, the luxury displayed by the owners of large estates, gave the impression of prosperity. But more than a third of all the arable land of the country was

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owned by only about a thousand proprietors. And the growing emigration to the United States and Canada — the figure rose to over 250,000 per year out of a population of 16,000,000 — showed how deep was the misery and maladministration.

In the decades preceding World War I there was a general tendency among the upper classes to compensate for the lack of real national sovereignty by adopting an attitude of bumptious nationalism. A sort of batrachomymachy — to borrow the name of the epic Greek battle between the frogs and the mice — was fought in the Hungarian Parliament over emblems, flags and the language of command to be used in Hungarian regiments, as well as for the economic separation of Hungary from Austria. It went on furiously despite two evident facts — that it was the Habsburg army which secured Magyar domination in Hungary; and that Hungarian agricultural produce supplemented Austrian industry, and vice versa. The Austro-Hungarian customs system did actually form a practical working arrangement. In the atmosphere of comparative abundance and political irresponsibility which pervaded the lives of the old feudal classes and their business and professional recruits, chauvinism throve vigorously. Magyars, Germans, Slovaks and Jews, struggling to appear *plus Catholique que le Pape*, helped develop the nationalistic megalomania. Journalists like the late Eugene Rákosi (Kremser was his original German name), in whose memory Lord Rothermere afterwards erected a monument, suggested that the Magyar population *must* reach thirty millions. This was at a time when it totalled barely nine. Academic toadies wrote and taught a history in which the ruling classes were idealized out of any semblance to reality. Gerrymander, corruption and abuse of authority combined with the system of open voting in parliamentary elections to ensure that the non-Magyars should be a diminishing minority in the House of Representatives. And after the one almost fair election which Hungary ever had (1905), the victorious opposition and the defeated government party, the quondam "liberals," gave evidence that there was even less difference between them than existed between the Tories and the Liberals in Great Britain.

The *misera plebs contribuens*, lacking both education and political training, took no interest whatsoever in the essential problems of national life. Only the ruling classes mattered. So enraptured were they with their national illusions and their talk

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about the external trappings of sovereignty that eventually they convinced themselves that Hungarian national sovereignty really existed. Occasionally danger signals flashed up. Propagandists of the suppressed nationalities had to be imprisoned or local riots had to be quenched. They were disregarded. A few members of the intelligentsia saw the handwriting on the wall of the Magyar "empire." Social ostracism was their only reward. Count Tisza instinctively felt that the approaching war would jeopardize the rule of his class, and attempted to avert it. But when his resistance to the trend was unsuccessful he carried on to the bitter end as the "strong man" of the Monarchy.

II

Such was the political and social setting in which the disaster of 1918 occurred. No wonder the Hungarian ruling class was stunned by the unexpected dual shock — the simultaneous collapse of the Habsburg Empire and of their imaginary realm. As a matter of fact, no revolution occurred on October 31, 1918, for there did not exist any real authority which a revolution could have overthrown. The King fled the country, the Government resigned, the House of Representatives dissolved itself and, as appears from the memoirs of the Budapest military commander, the armed forces disintegrated. When the Habsburg and their prop, the Hohenzollerns, disappeared through the trapdoor of the historical stage, the artificial Hungarian structure which they had supported crashed also.

Those requested by the King-Emperor to take over the reins made futile attempts to come to terms with the minorities and to initiate a thorough agrarian reform by means of which the country might be democratized as a preliminary to establishing a system of responsible government. They were bound to fail because there was no politically trained stratum of Magyar society which could give them support. As soon as the ruling classes had recovered from their stupefaction they set out to thwart to the utmost the efforts of the Károlyi Government. The latter, aware of its inherent weakness, could not afford to estrange any part of the body politic by using force. Some of the feudal lords, terrified by the prospective agrarian reform, even conspired with the reactionary elements among the victors in Paris, the arch-enemies of the country, to overthrow the new régime. The plot succeeded to the extent that the Allies put every

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sort of difficulty in the way of the Károlyi Government and, by disregarding the armistice terms, paved the way for the Bolsheviks to assume power.

Even prior to the Bolshevik interlude, and long before the leaders of the counter-revolution signed the Treaty of Trianon, revisionism had set in. It started as soon as the impending dismemberment of the country became evident. University students led by refugees from the occupied territories and by middle-class intellectuals whom the war had left stranded, gathered at meetings of the "Awakening Magyars." Their feelings and tenets were the same as those of the German Nazis later on — a sense of outrage at the thwarting of their traditional racism and overheated chauvinism, and promulgation of the "stab-in-the-back" legend which denied that Hungary had been defeated militarily and asserted that she merely had fallen victim to treason from within. For this latter development the liberals, pacifists, Jews, socialists and Free Masons, all in the same pot, were held responsible. To save time and trouble the group was usually labelled "Jews," eternal scapegoats of history.

After the collapse of the Bolshevik régime, the same lower middle-class elements collaborated in the so-called counter-revolutionary putsch. As a matter of fact, it ousted not the Bolsheviks but a weak Social Democratic Government which had established itself when the Bolsheviks were forced to give way as a result of the resistance of the peasants, their own incompetence and the onslaught of the Rumanian army. It was a bankrupt manufacturer and an ambitious dentist who with the help of some officers arrested the Peidl Government and took over the remnants of political power. Other convulsions followed when the new régime was consolidated under Admiral Horthy and Count Bethlen. Actually it was not counter-revolutionary at all. The form of the prewar government was not restored, nor was the old coalition between the aristocracy, the lower nobility and high finance. Though the new régime stressed the adjective "royal" in its references to government institutions, it did not hesitate to turn its guns against the King and to deliver him to British captivity. Parliament lacked even the vestiges of civil liberty and represented merely the effectiveness of government propaganda. Behind its façade the dictatorship, vested in a clique of officers and higher civil servants, called itself "Christian and National." It was neither the one nor the other. Noth-

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ing could have been less Christian than the revengeful cruelties of the White Terror, nothing less "national" than the ruling gang, composed as it was mostly of Magyarized Germans, Rumanians and Slavs.

During his ten-year premiership Count Bethlen made futile attempts to reëstablish something like the prewar feudal régime. He disfranchised one-third of the electorate and got rid of his own extremists (of whom, as in most revolutions, a good many were common criminals or Communists who had turned Fascist). His chief aim was to ward off the agrarian reform which had been promised the farm hands during the war by Count Tisza. In this connection he had to make western statesmen believe that it was he who had mastered the dreaded Bolshevism; and he was shrewd and cynical enough to succeed in large measure in this propagandistic aim. Under his incompetent successors, this would-be feudal and would-be military would-be dictatorship was in fact merely a stopgap filling the interval between the defeat and downfall of the prewar régime and the time when an attempt could be made to get back Hungary's lost dominions as part of the process of restoring that régime's prestige and power. Meanwhile a shallow nationalism nourished by legendary misconceptions and flag-waving supplied such moral foundations as the Government could muster to keep itself in power.

"Justice for Hungary" through the peaceful revision of the peace treaty was the announced aim of the revisionist propaganda. But all the main arguments used in this propaganda — the unity of the Hungarian Empire for a thousand years, the economic advantages of such unity, the fair treatment always accorded the minorities, who would have preferred to remain under Magyar domination had they not been victimized by foreign agents — all this made clear that the goal was the total restoration of prewar Hungary rather than the ethnic readjustment of the frontiers by compromise. Reiteration of the fact that only "peaceful" means were to be used did not accord with events such as the famous forgery of French francs or the training on a Hungarian farm of the Marseilles assassins of King Alexander of Jugoslavia and Foreign Minister Barthou of France. Serious and realistic elements in the Government and members of the General Staff of the Army made no bones about admitting in private conversation that the degree of revision they required — *i.e.*, 100 percent — could not be achieved by

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peaceful means. And indeed there was little probability that the Western Powers would bring pressure to bear upon Hungary's neighbors to accord even limited revision peacefully just when the resumption of German aggressiveness made the friendship of those same nations so important.

It was clear, of course, that Hungary could reach her goal only with the support of some major military power. Some simpletons believed that appeals to the vanity of an English newspaper peer would secure the assistance of British or French armed forces. This illusion could not last long. As for Weimar Germany, it was supposed to be oriented towards peace in spite of the fact that it tolerated Hitler's steady gathering of a private army. There remained Italy. Mussolini was only too glad to find a satellite to help him fulfill his Balkan aspirations. Though Il Duce never thought of handing back Fiume, once the "most brilliant pearl" in the Holy Crown of St. Stephen, he was ready to sell Hungary secretly some of his antiquated fighting planes. Above all, he put his influence back of the Hungarian claim for revision. This support became even more valuable after Hitler's advent to power in Germany, since the Führer did not have much spontaneous sympathy with Hungarian nationalism or with the Hungarian brand of reaction.

After Munich, however, Hungarian revisionists were forced to court Hitler's favor directly. Whenever the Nazis seized a neighboring country the Regent of Hungary and his Prime Minister promptly presented themselves asking for a share in the loot. Having brought pressure to bear upon "independent" Slovakia for more land than the Vienna award allotted them, they succeeded in obtaining the Führer's permission to "conquer" Carpatho-Ruthenia. After the Germans had defeated Jugoslavia, the Magyar army was allowed to march in and annex part of the territory of that country. The Hungarian Government was not deterred from this course by the fact that a few months previously its predecessor under Count Teleki had concluded with Jugoslavia a treaty of "eternal" friendship. For obvious reasons, however, the Government did not press for the restoration of Burgenland, the part of western Hungary detached by Austria. Some Hungarian Fascist students distributed handbills expressing confidence that Hitler would help to repair the injustice done to Hungary in that area. But these students apparently had not read the geopolitical discussions which had

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been going on in Germany about the German *Lebensraum* and were ignorant of the fact that not the Burgenland only but Hungary itself was scheduled to become a part of it.

III

It is often said that in Hungary today there are no friendly feelings for the Nazis. But it would be misleading if this correct statement led one into oversimplifying the relationship between Nazi Germany and revisionist Hungary.

Certainly no one in Hungary likes the present restrictions on food and clothing, which are incomparably more severe than those in effect even in the last phases of World War I. Limitations set on all means of communication, the presence in the country of Gestapo agents, the arrogance of the German emissaries, do not enhance the Nazi reputation. Yet there are no signs of resistance. There is no sabotage, no attempt to balk or baffle the invaders as in the other overrun countries (even including Austria). Now there is no reason to presume that the Magyars are less courageous than the Serbians, Czechs, Belgians or Norwegians. Several reasons explain the difference in the Hungarian attitude, but one above all is decisive — the determination of the ruling clique to keep power at any cost. Limited though this power has become under the Nazis, it still is better than none. As for the rest of the population, the reactionary rank and file are cheered by the partial success of revisionism secured under Nazi patronage. And the full restoration of St. Stephen's realm is being dangled before their eyes as a probable reward for continuing to defend Christian civilization, *i.e.*, Nazism, against the heathen Bolshevik barbarians.

This is the point at which Nazism and revisionism were bound to meet and to some extent merge. Today they are, in fact, hopelessly entangled.

Only the naïve can believe that, after the crushing condemnation of aggressors written into the Atlantic Charter, and after the terrible sacrifices and suffering which are daily being chalked up against the account of those aggressors and their junior partners, the victors will decide to confirm the gifts handed by the Nazis to their henchmen. There is no certainty that the Allies will not blunder again as they did in 1919. They may again commit the error of establishing half a dozen entirely separate minor national states in Eastern Europe, each of them

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endowed with absolute political and economic sovereignty. But though there can be no insurance against this, it does not seem probable on the other hand that the idea of restoring St. Stephen's realm will appeal to them particularly. Hungarian revisionists know this. They know that the Allies will not leave them the booty which they have acquired by grace of Hitler and Mussolini. Therefore they see no recourse but to continue playing the Nazi game, counting thereby on securing additional territorial gains and hoping that, if an Allied victory does materialize, they then will at least enter upon negotiations with the victors holding as many cards as possible in their own hands.

Strenuous attempts have been made to dissemble the true character of the counter-revolutionary reaction in Hungary over the past 20 years. The same efforts are now being made to convince the Allies that the country's present rulers are secretly pro-British and devoted in their hearts to democracy. If they are, they have been remarkably successful in camouflaging their beliefs by their actions. They have one recurrent excuse in view of Hungary's open and indefensible frontiers against the powerful Nazi Reich — was it not more reasonable to yield to pressure rather than to put up a resistance just for show? This argument is, indeed, irrefutable. But the Allies might press their inquiries further and ask some questions to which no satisfactory answers can be found. Would it not have been possible for Hungary to resist the German onslaught if, instead of plotting during the last 20 years to regain an irretrievable past, she had tried sincerely to come to terms with her neighbors? Turning to the present, does Hungary have to send troops to fight side by side with the enemies of the United States and Britain against the allies of those nations? And for the future, does she intend to keep or does she renounce the booty which has come to her as a result of that military action on behalf of the Axis?

The Hungarian revisionist propaganda mentioned above had an undeniable degree of success. This was partly due to natural ignorance abroad of specific Hungarian conditions, partly to some superficial resemblance of the Magyar landlord to the English "gentleman," but above all to the deadly fear of Bolshevism existing at the time when the propaganda was inaugurated. To the City in London and to Wall Street in New York, to Tories and diehards all over the world, Magyar revisionist propaganda presented itself in sympathetic guise because it

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came from a government which was supposed to have struck down the Bolshevik dragon in Hungary. No matter that Bolshevism had collapsed in Hungary long before this government assumed power. Natural Hungarian hospitality, moreover, combined with a special politeness shown to foreign journalists and to travellers who studied the problems of South East Europe "on the spot" in the course of a spring holiday, made the propaganda most effective. The American sense of justice and fairness was revolted by a peace treaty which was described as depriving the Magyars of two-thirds of "their" territory and nearly half "their" population. The dismemberment of Hungary was compared with the results of a peace treaty which would have robbed the United States of 36 of the states because some of the population of them was foreign-born. The fact held back was that Hungary was not and never had been a melting pot in which the component multilingual elements voluntarily dissolved while retaining full freedom to enjoy the culture of their lands of origin.

Armed with the fruits of these 20 years of work the propagandist agents of the Horthy Government are now essaying the difficult task of combining disapproval of that Government's collaboration with the Axis with approval of the Nazi bribes by which that collaboration has been brought about. Recently a paper in this country favorable to the Hungarian Government presumed so far on the supposed naïveté of the American people as to attempt to exculpate Regent Horthy and his Premier by stating that they did not know anything about the participation of the Hungarian Army in the campaign against Russia, since this had been arranged behind their backs by the Hungarian and German general staffs.

It must be made plain once and for all that revisionism in the accepted formula of the "Awakened Magyars" did not and does not aim merely at the liberation of either the Magyars or of other nationals detached from prewar Hungary by a restoration of prewar Hungary; it also aims at the restoration of the caste rule which held all who were not members of the caste, Magyars and non-Magyars alike, indiscriminately under its sway. This became manifest during the whole period preceding the outbreak of World War II, when the brunt of revisionist propaganda was directed more against the Czechoslovak democracy under which the Magyar minority at least enjoyed cultural autonomy

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than against Rumanian rule, which in many cases inflicted on Magyars in Transylvania as bad treatment as the Magyars had previously inflicted on the Rumanian minority there before World War I.

Partisans of the present Hungarian Government will deny this and will brand the statement of it as an unpatriotic attempt to smear the Hungarian "nation." The answer is that the "nation" and "nationality" are words which describe a moot concept in political science; but whether stress is laid on common descent or language or religion or on the common interest in common defense, nationality certainly does not consist in the rule of a minority over a majority, at any rate not in the democratic interpretation of the term given us in the Gettysburg address. "Democracy," too, has various meanings, but one of its essential bases is the identity of the nation with the people. In this respect Louis Kossuth's statue is less misplaced on Riverside Drive than George Washington's in the city park in Budapest. For in Hungary "nation" has meant merely the ruling classes and those who conformed to their ideology. The "nation" was those who owned large estates. The farm hands were the "people." The "nation" thus could not survive in a remnant of its prewar domain. The "people" could not survive in prewar Hungary.

Arguments for restoring to Hungary all its prewar territory may be of economic interest. However, the obvious disadvantages which followed the dismemberment of the economic unit which was the Austro-Hungarian Empire might more easily be obviated by a customs union between the Succession States than by an attempt to restore that political entity. Moreover, restoration of territory to Hungary would not in itself necessarily undo the economic harm done Hungary by the Treaty of Trianon. For example, revisionism succeeded in reconquering Ruthenia, a densely wooded area with an overwhelmingly Ukrainian population. Since one of the drawbacks of the treaty had been that it left Hungary without timber, everybody would suppose that after the reconquest of Ruthenia timber would begin to find its way to Hungary. But the ruling caste has limited imports to a diminishing minimum because they would damage the interests of those landowners who had forested their estates. The dismemberment of the country reduced only its area, not the selfishness of its ruling class. Restitution of territory is not enough.

Nor is it enough to approve of democracy in the abstract, to

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endorse the Roosevelt-Churchill declaration, and to hope for independence when the German flood shall have receded from South East Europe. Specific acts will have to be taken if the flowers of democracy and liberty are going to blossom on that blood-soaked soil. Anyone who is aware of ethnic conditions in South East Europe realizes the impossibility of drawing arbitrary frontier lines between the various national groups. Unless we agree to the ruthless Nazi methods of resettling populations, no other expedient remains except to adopt the cantonal system in all the Danubian countries and for the Great Powers to see that those countries are united in a practical form of political and economic coöperation. If thereby a more effective protection of minorities is secured, the old struggle for land may in the course of time fade away into comparative insignificance and the question whether one area or another should be part of one federated state or another will be reduced to an administrative problem.

Some people say that the settlement of the future relations of Hungary and its neighbors is not a vital problem, at least not for the time being. We must indiscriminately unite all possible forces, no matter what their political and social persuasions, to defeat Hitler, the enemy of mankind and civilization. Agreed that we Hungarians must all stand for a free and independent Hungary. But a free and independent Hungarian *government* is not enough to produce that result. A prison remains a prison even if we oust the warden and reinstate the deputy warden previously in charge.

At the present time the test of the validity of any Hungarian movement directed against Nazi Germany is whether or not it declares without reserve the determination to refuse to accept the revision of the frontiers accorded Hungary by the Nazis and instead to come to terms with the neighboring nations on a basis of free negotiation and mutual understanding. Without such a declaration any "Free Hungary" movement can too easily be twisted into being merely an instrument for restoring in Hungary the domination of the same semi-feudal caste which bears a heavy share of the responsibility for both the first and second World Wars. Hungarian democracy and Hungarian independence are inextricably interlocked. They have to be built up, if they are going to be built at all, together.

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SHIPS OVER THE SEA

Possibilities and Limitations of Air Transport in War

By Grover Loening

As our war develops in far-flung regions — Australia, Norway, the Red Sea — the problem of transportation becomes more and more discouraging in view of the enormous distances involved. So far the attempt to bridge those distances has been made almost entirely by seagoing ships. But they are desperately slow. The high tempo of this ultra-modern war, with its accent on air power, demands the instant stepping-up of air transport. Perhaps this can be achieved more successfully now than in time of peace; because, provided the proper will exists, much more can be done much more quickly under stress of war than under normal conditions.

Little was heard about air shipping and the carriage of cargo by air until the war began. There were certain notable developments in Europe, to be mentioned in a minute; but so far as the American public were concerned, almost the first they heard about the revolutionary importance of air transport was when Germany began her demonstrations in Poland, Holland, Norway, Crete and elsewhere. Details are still somewhat of an enemy secret. But there nevertheless is ample documentation — photographic and otherwise — of the tremendously important place that the transport of both troops and supplies by air now holds in the modern German scheme of war.

When whole divisions of German troops were transported by air from Denmark to Oslo it was an historic moment which marked the final eclipse of British sea power as a self-sufficient instrument. What was on the sea — no matter how preponderant — made a difference only to what also was on the sea. Sea power could not deny access by air. German airplanes flew unhindered over the Skagerrak with their vitally important cargoes. Crete provided an even more fantastic example of what had happened. There, for the first time, a complete invasion by air was attempted and accomplished. One neutral observer is said to have counted 650 German transport planes in the sky over Crete at one time. In addition to their parachute troops, the Germans made use of

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another new wrinkle — gliders. Gliders are the efficient freight cars of the air, because their higher ratio of lift to drag enables them to carry just so much more load for the same horsepower expended in thrust.

The principal type of aircraft used by Germany in these extensive operations was the Junkers JU-52, a trimotored plane designed as long ago as 1930 and already in extensive use throughout the world by 1933. Since its early years, this workhorse of the German *Luftwaffe* has been changed only slightly; and it is thought to have been constantly in production at the rate of from 20 to 30 planes a week. Since 1937, at any rate, the Germans must have been able to equip themselves with so many thousands of these load-carriers that the loss of a few hundred here or there in crash-landings of troops and cargoes would definitely be a minor casualty. The JU-52 carries three and a half tons of load on short distances. But it provided the Germans with exactly what they wanted — an air transport fleet of land-type planes with a tremendous carrying capacity at short ranges of from 200 to 500 miles. It was just about the time that the Germans were putting the JU-52 into production that the Ford Motor Company discontinued manufacture of the trimotor cargo-carrying plane which it had been the first to develop. The action was not disapproved in American Army, Navy and civilian aeronautical circles.

In general, Europe on the eve of the war was far ahead of the United States in the carriage of air cargo. This was particularly true of the carriage of all first-class mail by air. Every night at Heston Field, near London, freight cars of the air — stripped of all seats and passenger paraphernalia — would be loaded to the doors with cargoes of thousands of pounds of mail for the Continent. The persistence with which the Germans in particular carried on this development is now understandable; and we see now how stupid we all were to have failed to evaluate the future significance of their activity correctly. In this country, the American airlines devoted themselves mainly to expanding passenger traffic. They did this on a scale not equaled by the air transport system of any other country. But we did little to develop the carriage of cargo by air.

Some feel that the growth of cargo transport in the United States has been greatly hampered by the monopoly resulting from exclusive contracts between the airlines and the Railway Express Agency. This subject need not be argued here. We

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merely note that what happened in other fields of transportation in this country has not been repeated in the case of our system of airways. Most transportation systems have looked to cargo carrying for about 80 percent of their earnings. In the case of our airlines, however, that branch of activity represents only two or three percent of gross earnings. Up to the time of our entry into the war, air-borne cargoes represented only about one and a half percent of the ton-miles of railroad express carried in a normal year.

At first glance this seems perfectly natural because an airplane — even the largest we have today — carries so little at each bite. What is overlooked is that it is not the one bite that counts. The volume of cargo delivered in a year is what counts. And here is where the speed of the airplane comes in to alter the picture entirely. While the heavy trailer truck or the heavy freight car or the capacious hold of a ship is being filled with its great cargo, which then goes its slow way over land or sea, the little airplane with its tiny loads is flying up and down repeatedly on the same route. And it can do it so often while the slower means of locomotion does it only once that the tiny cargo of the airplane is multiplied to very considerable totals.

In his report to Congress on "Aircraft and the Merchant Marine," Chairman Joseph P. Kennedy, of the Maritime Commission, recommended in 1937 — at that time it was a most novel suggestion — that transoceanic aircraft, *e.g.*, the Clipper flying boats, be designated as vessels. If that definition had been accepted, the Maritime Commission would have been authorized to construct for charter and at government expense, or otherwise to subsidize, a vast fleet of transoceanic aircraft to be used by any shipping companies that were interested and could operate them successfully. This change, many of us felt, would have been no more revolutionary than the change that shipping companies had to make when they left the wooden vessel propelled by sail for the steel vessel propelled by steam, and set out to solve all the new engineering and navigation tasks involved and to train all the new personnel necessary for the successful operation of steamers.

In no spirit of criticism, which would now be useless, but merely as a matter of interest, let us recall that at that time Congress had voted some $300,000,000 to the Maritime Commission for the development of the merchant marine. Chairman Kennedy had

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indicated that he favored using a substantial portion of this for the development of a merchant marine of the air. At that time there were only five constructors of Clipper flying boats in the United States, and only one of these — Boeing — had any orders. The other four — Martin, Sikorsky, Consolidated and Douglas — were idle and looking for work. A combination of various forms of opposition, which need not be dwelt on now, as well as a lack of Congressional appreciation of precisely what was involved in the Kennedy recommendation, resulted in its being flatly turned down. As a result, when the war started a couple of years later the United States merchant marine of the air consisted of only eight long-range Clippers — six Boeings and two old Martins — with only three additional ones under construction. Had the Maritime Commission's recommendations been adopted, we might well have had over 100 such planes in service by that time. Might not that have meant saving Wake Island?

Meanwhile, the only department of the Government that had given serious consideration to the importance of carrying cargoes by air was the Army. At that time the Army had three big depôts for spare parts, engines and other supplies — one at Middletown, Pennsylvania, another at San Antonio, Texas, and the third at Sacramento, California. With praiseworthy initiative, the Army proceeded to develop its own system of cargo airplanes connecting these depôts. As a result, while everyone else was asleep, the Army Air Corps by 1940 reached the point where it was carrying more cargo by air than all the airlines of the United States put together. It was only a few weeks ago, however, that the Navy announced the creation of a Naval Air Transport Service to be developed and operated through the regular Navy channels, as a fleet train to the Navy's air fleet, in exactly the same way that the train of familiar supply ships serves the surface fleet itself. This was a significant announcement, perhaps as significant as the one in 1936 by which the Navy made known that the front line of the scouting fleet had been changed — that destroyers had been withdrawn, and that in their place had been substituted long-range patrol flying boats.

II

Let us now look at the immediate future, and especially at the problems which face us in this country in prosecuting a war in so many distant arenas. The first thing to be noted is that what we need most in air transport is *long range*.

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The British problem of protecting the British Isles is largely one of short range. The problem of the United States — viewed from any angle, whether that of fighting, bombing or cargo carrying — is, on the contrary, one of most ambitious long ranges. At the present time we have many aircraft which will carry sizeable loads for a thousand miles; but for our present purposes this gets us almost nowhere. That sort of plane, for example, would fail to reach Hawaii from California with any sizeable amount of cargo; similarly it would fail to span the important stretch across the Atlantic from Natal, South America, to the shoulder of Africa. It even would fall short of reaching Ireland. Of course we have flown hundreds and hundreds of aircraft across the oceans simply in order to deliver them there. But that is not enough. A bomber that lands in Africa without bombs or anti-aircraft guns or light tanks or food or medical supplies or oil or gasoline has fulfilled only a fraction of its purpose.

This much can be said of the immediate future, however. With the aircraft ranges that we now have, we can supply Puerto Rico and Panama by air very handsomely. We could meet an invasion there by very quickly transporting troops and cargoes by air from our shores, particularly if seaplanes were available rather than landplanes. We also could do a good job in South America. In summer we can get to Newfoundland and from there to Ireland via Greenland. All of these things can be done with aircraft already delivered now. Of course details as to the equipment available are a military secret.

As to the immediate future, we must first consider our two largest present aircraft — one of which has been successfully flown and the other of which is about to fly. The Douglas B-19, 212 feet in span, weighs 83,000 pounds empty, and has a maximum overloaded weight of 164,000 pounds which it can lift into the air and with which it can then cruise at a speed of nearly 200 m.p.h. and with a range of over 7,000 miles. The Martin flying ship *Mars* (incidentally it is a ship and not a flying boat because it has more than one deck) is a seaplane with four 2,000 horsepower engines of about the same size as the Douglas B-19. Perhaps it is not quite so fast, but it can carry a little more load because it has no heavy landing gear. Both of these aircraft, which actually were designed several years ago, are experimental. They do not by any means embody the very latest possibilities in load-carrying aircraft. Their wing sections are not of the latest type. They are not

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equipped with boundary layer control which greatly increases the lift. Nor are they equipped with the latest type of jet-exhaust to increase performance, or other refinements. As they stand before our eyes, then, we know that they are capable of immediate and great improvements. Let us try to imagine what the aircraft of which these are the prototype might be able to do to change the situation in the present war. For this purpose we must brush up our geography and review some shipping statistics.

Our theaters of war, actual and potential — Australia, Egypt, Japan and others — lie so far from the United States that our present Navy finds it a terrific job to insure that the requisite number of our freighters get to distant bases with their precious war cargoes across enemy-infested seas. They must get there, too, as rapidly as possible. But that, when one comes to think of it, is pretty slow. For it will take very nearly two months for the average ten-mile-an-hour convoyed freighter to travel the 12,000 miles from one of our east coast ports around the Cape of Good Hope and up the east coast of Africa to the Red Sea and Egypt or the Persian Gulf. And it will take at least thirty days for it to go from our west coast across the vast stretches of the Pacific — detouring far enough south to avoid the Japanese islands — and deliver cargoes safely to Sydney, Australia. At a ten-mile-an-hour rate, in other words, these distances are staggering and discouraging. Of course, when loads are carried in some of the new 16-knot freighters, and when these are not convoyed, the time for the voyage can be greatly cut. Australia can be reached in twenty days; the Red Sea can be reached in thirty-five days. But, even under these more optimistic conditions (supposing the speed of the freighters makes it possible for them to disregard the submarine menace), the time involved is still so great that at its present rapid pace the war can change its whole face between the date a ship sets sail and the day it arrives. This is a tremendous disadvantage to us. The only way we can overcome it is to "shrink" the world; and the only way we can do that is to abandon ships and take to the air.

War is a great teacher of geography. In the aircraft field it has taught us the very interesting and important lesson that what might be called our critical range — the range which would enable us to cover the world by air — is between 3,900 and 4,300 miles. If we add to this a fifteen to twenty percent allowance for delays due to head winds (which is ample in the case of planes

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that do 200 to 300 miles per hour), we arrive at 5,000 miles as about the range which would enable us to solve practically all the problems involved in aircraft operations on our little world of 8,000 miles diameter.

The range of about 4,000 miles in itself is most significant. It covers such trips as from Honolulu to Tokyo, from Moscow to Vladivostok, from New York to Berlin, from New York to Freetown, and from Freetown to the Red Sea. And on a Great Circle course the distance from Seattle, Washington, to the north of Scotland is only 4,300 miles. Other important distances in this class are from Southern Alaska to Tokyo, from Vladivostok to Port Darwin, Australia, from Miami to Rio de Janeiro, from Miami to Santiago, Chile, from Colombo, Ceylon, to Moscow, from Colombo to Darwin, and from the Red Sea to Java. Also included is the Great Circle course from New York to Natal, Brazil, and that from Colombo, Ceylon, to Vladivostok. In short, all of the world distances that are going to count as the most important in this new phase of transportation are met inside the 4,300-mile range.

Today we have several aircraft which are capable of carrying — in fact which already have carried — sufficient fuel to cover these distances nonstop. We still are merely on the threshold, however, of being able to travel those distances with a useful load. In view of this, let us now compare the load-carrying possibilities of the 160,000 pound aircraft which we have at least in prototype form with what marine shipping is able to do over the same distances. The comparison necessarily is handicapped by the fact that the censor cannot release up-to-date figures and also by the fact that we cannot know how seriously the operations of ships are being delayed by the need for convoying them against submarines. We thus must make our comparison on two bases — once between aircraft and shipping at the convoy rate of ten-miles-an-hour (8½ knots), and again between aircraft and eighteen-mile-an-hour (16 knots) shipping when not convoyed. In the latter class, of course, fall the latest types of C-2 and C-3 cargo ships of large tonnage and high speed. But probably not many of these have yet been delivered; and even by the time that the new 80-ton aircraft could also be delivered in quantity, these larger ships will still constitute only one-fifth to one-fourth of the merchant fleet on which we will have to rely.

Let us now look at the figures. An average C-1 cargo steamer of

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11,000 tons displacement is doing pretty well, after it has been equipped with armament and provisions for a large enough crew, as well as with extra supplies of fuel and of food in case its destination has to be altered in the course of the voyage, if it is able to deliver a cargo of 6,000 tons net. The 12,000-mile trip from New York to the Red Sea at ten-miles-an-hour with a couple of stops on the way will take well over two months; and on top of this we must allow unloading time and refitting time and rest time for the crew, amounting to another week or two. What with additional delays due to the exigencies of convoy assembly and detours, a round trip will actually consume 130 to 140 days. In other words, a freighter will do well under present war conditions to make two and one-half round trips a year over this long route. This means that it will deliver to the Red Sea region 15,000 tons of cargo a year — a sizeable amount, nevertheless.

Now let us look at the potentialities of our latest flying ship. The figures quoted are derived only from published data. To cruise at a range of 4,000 miles at somewhere near 200 m.p.h., and allowing a margin for head winds and detours, either of our new 80-ton aircraft will require around 40,000 pounds of fuel. Stripped down and redesigned for the carriage of air cargo only, a flying ship of this size will weigh around 75,000 pounds, to which must be added 5,000 pounds additional for the cargo crew of eight or ten men, their supplies, armament for protection, life rafts, etc. The total maximum weight with which a plane of this size would be able to get off the ground is around 160,000 pounds. In other words, we could add 40,000 pounds, or 20 tons, of useful cargo load. This is an optimistic but by no means impossible figure.

With this in mind, let us get back to our 4,000-mile geography lesson. The trip of a plane like the one just described, by the fastest nonstop route over the 4,000 miles from New York to Freetown or Bathurst on the shoulder of Africa, would take 20 hours. With a delay of only a few hours, the flying ship would then proceed for another 20 hours across Africa to the Red Sea. Thus it could arrive there in less than two days. Let us allow a day or so for laying over at a Red Sea airport, and a day or so more for delays due to weather. Taking all this into account, one can reasonably say that a plane of the sort in question could make a round trip a week almost every week in the year. Let us estimate about 50 round trips a year as being possible, a total of about 4,000 flying hours. This is now being done by many planes

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on various airlines. At this rate — 50 trips a year, each carrying 20 tons of cargo — a single plane would deliver 1,000 tons a year in the fastest possible way from the Eastern seaboard of the United States to the Red Sea. In other words, only 15 of these relatively small planes (relatively small, that is, in comparison to an 11,000-ton steamer) could deliver in a year about the same amount of cargo as one average ten-mile-an-hour freighter.

That is the story of the slow freighter. Now for the faster 18-mile-an-hour freighter. This unconvoyed freighter will take from 100 to 110 days for a round trip from our Eastern seaboard to the Red Sea or the Persian Gulf. It thus can be counted on to make three round trips a year with ease. A ship of the C-3 class or of the American Export Line's new *Exporter* class can carry 7,000 tons of cargo, and will therefore be able to deliver well over 21,000 tons per year. In comparison, a fleet of 21 80-ton planes would be required to deliver the same load. Since we are operating under war conditions, we need not inquire too closely into the cost differences. Obviously, they would be very great. At quantity production rates, an 80-ton plane will cost nearly half a million dollars in a simple cargo version. This means that a fleet of 21 would cost $10,000,000, whereas a C-3 or similar 14,000 or 16,000-ton cargo vessel will cost about $3,000,000. The flying cost is over three times as great as the cost by sea. However, the cargo would get there and get there quickly.

The present aircraft program calls for the construction of over a thousand 20-ton bombers a month, and we are well on the way to delivering this staggering total. Is it too much to envisage a similar production program of 200 cargo aircraft a month? And if it is true that a bomber capable of delivering itself to these distant regions is not of much use without the cargo deliveries that are needed to supply it — bombs, men, anti-aircraft base protection, gasoline, and all manner of supplies — if that is true, then do we not perhaps have the cart before the horse, and should we not be building the cargo carriers first? Or ought we not, at any rate, to be building more of them concurrently with a slightly smaller number of bombers?

Now to make one final comparison between fleets of water-borne and air-borne cargo carriers. The Maritime Commission's announced program calls for the construction of a thousand or more ships to be added in the next year or so to the thousand ships we already have. Not much more than 200 of these new ships will

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be in the large 16-knot class. If we began preparing now to transfer to aircraft half of the job to be performed by this projected fleet — that is, to do the job of the 100 fast cargo ships — we would have to undertake to manufacture 2,000 80-ton aircraft. That would represent only about 10 months of production at a considerably lower rate of tonnage production than is now planned in the construction of heavy bombers.

There would be several advantages in this course. To begin with, the submarine menace would be eliminated. Large numbers of naval ships would be released from convoy work for fighting duties. Precious cargoes of materials and men could be delivered at once where needed. Even more important, they could be delivered where needed with the *surprise* element added.

The flying ship has an advantage over the surface ship in that any good-sized inland lake or large river offers it an ideal haven; many very shallow harbors unfit for surface shipping are ideal lagoons for flying ships. This appears to make the seaplane more practical than the landplane for ocean transport in war. Moreover, landing places on the water are largely invulnerable to bombing damage and also can often be used for night landings and take-offs. Further than this, tremendously large seaplanes totalling several hundred tons in weight can be envisaged with great practicality, whereas a landplane of any such size would at once involve difficulties in landing gear construction as well as in preparing proper landing fields. It is a fact, also, that very large seaplanes will be just as fast as landplanes, just as efficient, and even better load-carriers. This conclusion, which has been arrived at by many experienced constructors, notably Igor Sikorsky and Glenn Martin, is very important, because there is much too much of an inclination at present to feel that large landplanes must be relied on to solve our transportation problems. The present writer joins in holding that such is not the case, and that the large transoceanic cargo-carriers of the future will certainly be seaplanes.

The optimistic picture painted above does not mean that air travel is not subject to obvious limitations. The first, of course, is weather. Our estimate of fifty round trips a year to the Red Sea made due allowance for weather delays. The accomplishment of such a schedule would be possible in many regions only at certain times of the year. In northern climates, weather delays on air transport services obviously might be very great. Ice on wings

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still presents a serious problem. In the southern and equatorial regions of the world, however, seaplanes are not greatly handicapped by weather; and those seem to be the areas which occupy our attention the most just now. Another obvious limitation on the use of aircraft on any vast scale is that of organization and, above all, the accumulation of enormous stores of gasoline at the terminals of each 4,000-mile run. Then, too, there is always the possibility of interference by enemy fighting aircraft. But landing areas could be protected by fighters against attacking aircraft; nor is a large cargo airplane by any means necessarily helpless. The type described allows quite a sizeable weight for armament for protection against enemy fighters.

It may be argued that it would take two or three years to develop a plan of this character and that by then the war might be over. To which the answer is that if we take these steps now we will insure that the war will end in three or four years instead of perhaps six or eight.

A further criticism is possible. It may be said that the 4,000-mile Red Sea trip is not typical. The fact is, however, that it calls for the *longest flying range* that need be given any practical consideration. The advantage of a long range with a minimum number of stops is that it minimizes weather delays and cuts down the number of vulnerable points which need protection from enemy attack. The disadvantage obviously is the enormous fuel load which must be carried and which robs the plane of additional cargo capacity. Thus, for example, if we step down our estimate and plan to deliver to the Red Sea area on the basis of a 2,000-mile flying range, we could operate on a route from Miami to Georgetown, British Guiana, thence to Natal, Brazil, thence to Freetown, West Africa, thence to Lake Chad, and thence to the Red Sea. In so doing we would immediately step up the cargo capacity by the difference in fuel required, namely about ten tons. The disadvantage, of course, is that we also increase the length of the trip from 8,000 to 10,000 miles and, due to the larger number of stops, we take a day or two longer in making the trip and cut the yearly number of round trips to forty instead of fifty. Even so, however, a greater load would probably be delivered per plane per year than we estimated at the longer range. In the Pacific, a slightly larger range, say 2,600 miles, would enable a plane to carry 27 tons of load instead of 20 from San Francisco to Honolulu, thence to Samoa, and thence to Sydney. In this way deliver-

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ies could be made in a day and a half or two days, with a flying range now easily attained, over a route which steamers now take from 20 to 30 days to cover, depending on how fast they are and whether or not they are convoyed.

Let us now look further into the future. How near are we to the time when it will be possible to build an aircraft that will carry as much cargo in a year as can be carried in that same period by a 15,000-ton freighter? The reader will remember that a freighter making three trips to the Red Sea (a fairly generally applicable example) carries 21,000 tons of cargo in a year.

The writer considers that the largest aircraft that now seems practicable would be something as follows. It would have 12 engines of 3,000 horsepower (such engines are already designed; the DOX flew with 12 engines over 10 years ago). Loaded at 25 pounds to the horsepower (only slightly more than currently used in load-carrying aircraft, and easily attainable with wing section improvement), this 36,000 horsepower plane will take into the air a total of 900,000 pounds, or 450 tons. At a loading of 50 pounds per square foot, the wing area would need to be 18,000 square feet, meaning a span of about 380 feet (the span of the Douglas B-19 is already 210 feet). The cruising speed needed will be 300 m.p.h. (the new Lockheed Constellation, which will shortly go into the air, is to cruise at 290 m.p.h.). Such a giant 12-motored craft would be able to travel from New York to the African coast and from there to Egypt, or from Newfoundland to Moscow, or from Vladivostok to Java, in 14 hours. It would weigh 430,000 pounds empty. It would require 120,000 pounds in fuel and crew weight. And its load-carrying capacity would be somewhere around 350,000 pounds, or 175 tons. It would be able to do the two 4,000-mile hops to the Red Sea region in 14 hours each; and allowing for weather delays, and with a day extra for servicing, it would be able to make something like 70 round trips a year. Carrying 175 tons each trip, this hypothetical "giant" aircraft would thus deliver approximately 12,000 tons a year — over 50 percent of the load of a very large and fast freighter. It would take only two such aircraft to outmatch the performance of the most modern seagoing cargo carrier.

Just now we are preoccupied with the question of how to supply Chungking by air. Obviously, land planes can go to Chungking from Siberia, or from Allied bases in Iran, such as Basra, although the latter route goes over the most difficult kind of flying terrain

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— the top of the world — the mountains of Tibet. Another route for landplanes to Chungking is from Seattle to Alaska, thence to Kamchatka, thence to Central Siberia, and then a jump over Mongolia. It would be difficult, however, to provide gasoline supplies at fields in the interior. Long-range seaplanes, however, might utilize the Yangtze River in the region under Chinese domination. A safer long-range approach, however, is by way of the shoulder of Africa, and thence across that continent to the Red Sea bases in the Red Sea area. From there it is only a 2,000-mile hop to Bombay; and from Bombay only a 2,300-mile hop to Chungking.

In studying these approaches to Chungking we should compare the cargo capacities of the aircraft in question with the loads which have been carried over the Burma Road in motor trucks; also the time that it would take for them to make the whole trip to Chungking with the time it takes for the trucks to traverse the Burma Road plus the time that it takes ships to deliver American goods to Burma. When we do this, we find that the carriage of cargoes by aircraft has such an outstanding advantage that we ought to use it whether the Burma Road is open or not.

The papers reported recently that $984,000,000 had been voted by Congress for the use of the Maritime Commission in building a fleet of cargo vessels. Not a cent of it was to construct air freighters. American shipyards are feverishly building ships. In view of the rapid progress being made in the air, many of them may prove obsolete by the time they are finished. It might be better if some of these yards were to be shifted over to assist the aircraft industry in building parts of flying ships, just as the automobile industry is assisting in building smaller land airplanes.

It will be asked how we can undertake to build a great fleet of carrier planes when our building capacity for other types of planes, surface ships, etc., is already taxed to the utmost. The answer is, first, that part of our present capacity could well be diverted to making carrier planes. Thus the Curtiss-Wright Corporation has just announced[1] that it is changing some of its earlier plans for tooling and production, and is beginning construction of the Army's new cargo plane. This plane, known as the Curtiss C-46, will be capable of carrying infantry, light artillery, and even jeeps for long distances and at high speeds. Assuming the larger cargo planes will be seaplanes, their hulls could be

[1] *New York Times*, February 22, 1942.

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made of wood, and these can be built in shipyards where wooden ships are constructed. Modern plastics are such good preservatives that wooden hulls are now quite feasible. Or the hulls might be built of welded steel, and thus be constructed in any well-equipped steel factory. For with ships the size of the *Mars*, the extra weight of steel over aluminum is not so important as in smaller craft.

We shall soon be producing the B-17 flying fortress at a rate which even a few months ago would have seemed fantastic. But is it wise to produce such planes without their necessary air train? At the present time a B-17 has a range in excess of 3,000 miles. At such distance it can just deliver itself — but no load. What is the purpose of getting the plane there in hours when it must wait weeks, sometimes as much as two months, for its bombs to follow by surface ships?

The generals and admirals of 1926 were convinced that General Mitchell was a visionary. They were fatally mistaken. Actual developments in the air quickly surpassed what had seemed to be his extravagant predictions. Today the same thing is happening in the carriage of cargo by air that happened in the case of combat in the air. Command of the air is not in itself enough for the United States. We also must aim at the command of transportation. For this it is not sufficient to have cargo ships on the sea; we must also have cargo ships over the sea.

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SOUTHEASTERN ASIA IN ESCROW

By Nathaniel Peffer

THE spread of the European war to Asia has torn the whole region from Hong Kong to India from the political moorings of at least the past fifty years. Hong Kong, Indo-China, Thailand, Burma, the Philippines, the Netherlands East Indies, British Malaya and British and Dutch Borneo — all are now held, as it were, in escrow, to be distributed according as the war goes. The process of distribution will be one of the difficult tasks confronting the makers of the peace.[1] It will be the more difficult in that obviously something more will be required than a mere restitution of territory to the victors and the restoration of the status quo ante 1939. Excepting only Thailand, each of the territories in question is a colonial possession and not a part of the metropolitan area of any of the contending states. Excepting Thailand, no one of them is inhabited by the people of the states which will have the power of decision. Thus in each case there is a third party to the struggle for possession. In addition to the United Nations on one side, and Japan and her European partners on the other, there are the native populations. By all recent historical precedent it can be taken for granted that the third party will not remain wholly a passive agent. A profound readjustment will be necessary in Southeastern Asia no less than on the mainland further north and in Europe.

However decisive the victory of the United Nations, it seems plain that Southeastern Asia will not again take on the same political shape that it had before 1939. The change in the relationship between great empires and their colonial dependencies which began after the First World War will be carried a step further after the Second. We could not foresee in 1918 that colonies which were inhabited by people of a relatively high order of national consciousness and cultural development were never again to resume the status which they had formerly occupied. But by analogy we now can foresee that after this war the same pressure for change will again be at work, though one stage lower down in the scale of national consciousness and cultural development. The colonies on that lower level, formerly passive,

[1] It is assumed that the United Nations will win; otherwise discussion of the question is useless.

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will many of them refuse to accept their former status. Among them are several of the territories in Southeastern Asia.

The First World War brought to a head certain ideas that acted as political solvents. Perhaps all great wars do; and in that sense all great wars are subversive. In any case, the First World War was irreparably disruptive of imperial relations. Democracy throughout the entire world, self-determination, the rights of small nations, justice for weak and strong alike — these concepts were inherently incompatible with imperial rule, and they inevitably generated aspirations in subject peoples or sharpened ones which were already in existence. Nationalism as a political value had already been disseminated beyond the Western World, and the first consequent stirrings of revolt had been perceptible among the more advanced peoples of Africa and Asia before 1914. They of course responded readily to the appeal of the Allied war propaganda, with the result that the years between the end of the war and the resurgence of Germany were marked by nationalistic uprisings of subject peoples throughout the East and in North Africa.

Indeed, these uprisings were for some years the main stuff of world politics. India, China, Egypt, Syria, Morocco — all were in a formal state of revolt at one time or another in the decade following the last war, and there were lesser affairs of the same sort elsewhere. In most cases the risings met with a measure of success and the lot of the subject peoples was at least ameliorated. On the whole, however, only the more advanced colonials were able to assimilate and act on the doctrines first expounded by Wilson and then given a peculiar edge by Lenin.

There was not much change in this period in Southeastern Asia. For one thing, the colonies there were possessions of Powers which had never been seriously shaken and which emerged victorious in the end. The Netherlands remained neutral. The United States was never in difficulties. Great Britain and France fought on the defensive for three years; but Germany never was unmistakably ahead and, moreover, since Japan was their ally, they were never under attack in the East. On the contrary, even in the worst years Great Britain and France showed gains in the world's colonial areas. Southeastern Asia itself was not touched by the war. There was no destruction there. There was some economic dislocation but no deprivation. In fact, some areas which exported primary products essential to war prospered abnormally.

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On the whole, then, the colonies of Britain, France, Holland and the United States felt the war at one remove only. Perhaps most important of all, those Powers never appeared to be in such desperate straits, never were so near defeat and humiliation, that the legend of their invincibility could be seriously questioned by the native peoples. And it is by this legend of white invincibility that the empires have ruled. It has been more effective in warding off any challenge and in maintaining stability than the actual forces available to suppress native risings.

To sum up: the prestige on which imperial rule in Southeastern Asia rested was almost unshaken by the last war. There did develop a nucleus of nationalistic disaffection, especially in the years when the Communist International was most active. But in contrast with what was happening in more highly developed colonies in other regions it was only a nucleus and as such was suppressed relatively easily.

It is far otherwise now. There is war in Southeastern Asia and its impact is being felt directly by all the native inhabitants, colonial or independent. Many of them are dying or being driven from their homes impoverished. Possession and rule are changing hands. Traditional ties are being severed. The first requisite of an empire — the ability to protect the subject peoples — has not been met. On the contrary, each of the empires is being evicted, at least temporarily, and its native subjects have been left to the mercy of the invader. The prestige of the sovereign is gone. It is not gone irretrievably and in a measure it can be regained by final victory; but it will never again signify just what it did before. The memory of the surrender of Singapore to Asiatic troops will not easily be effaced from the consciousness of Asiatic peoples.

The Japanese will make little headway with their propaganda of "Asia for the Asiatics," because from Bombay to Vladivostok it has long been recognized that in the vocabulary of Japan the phrase means Asia in subjection to Japan. But in its reverse interpretation, as signifying Asia *not* for Occidentals, the propaganda will be devastatingly effective. The right of the Western empires to rule has been impaired by the demonstration of their inability to rule or at least effectively to repel a challenge to their rule. Even in victory they will return with their glory tarnished. It will have been shown that they *can* be defeated and, moreover, that they can be defeated by non-whites. What the Japanese have been able to do others will feel that they, too, may be able to do.

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White empires will not again be able to rule by symbol only. Their power to command will be in proportion to the force they display. The sanction of moral authority has been lost. At the best there will be disaffection and a demand for more rights of self-government; at the worst there may be revolts.

Some distinctions must be made at this point. Thus far Southeastern Asia has been discussed as if it were a unit. It is not, of course. What is common to all its parts, beside their geographical situation, is that all of them except Thailand have been under alien control. Among these there has been the tie of a common aspiration, actual or potential, for independence. This has created only a negative sort of unity, even though some day it may be enough on which to base joint action against the common enemy — the Western empires. In almost all other respects the peoples of the region differ from each other. Indeed, the differences are often greater than the similarities. Something more should be said about them, then, and about the territories which they inhabit. The Philippines and Thailand fall in one category; Burma and Hong Kong are in another; and each of the others is peculiar to itself.

II

With respect to the Philippines there is little new to be said now. In the normal course of events, as envisaged before 1941, the Philippines were to have become an independent nation in 1946. On all the evidence discernible in this country in recent years that was a matter of settled American policy. What still remained in question was the precise nature of the transitional measures to be devised to ease the shock of economic separation for both parties. The Philippine economy had become so closely articulated with the American, the dependence of Philippine products on the American outlet was so great, that to put the Philippines at once on the same basis as all other countries with reference to American tariffs would have undermined the whole economic structure of the islands and with it the position of the government. This had already been recognized and the principle of extending the period for adjustment had been accepted. What still was to be settled was how long the period should be and how the graduated rise of American tariff rates on Philippine products should be paced. But this was a matter of detail and was to have been decided in joint conference after 1946.

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If it was settled policy before the war to give the Philippines their independence, it is hardly conceivable that we should reverse ourselves now. Leaving aside wartime rhetoric, we can say that the Filipinos have earned their independence. They joined in the defense of their homeland without hesitation or equivocation and played their part more than creditably. Even if it were not simple justice to redeem our pledge, it would be reckless for us not to do so, for if the Filipinos were insistent on the right of sovereignty before the war they will be intransigent after it. They have fought for it, and if we were to deny it to them we should be faced with the necessity of suppressing them by force. It is hard to believe that the American people would be willing to undertake that task, especially in light of their previous attitude.

Furthermore, with Japan defeated and reduced to impotence for some years, many of the grounds for such mental reservations as existed before about independence, both among Filipinos and Americans, will have disappeared. Both had been fearful about what Japan might do when the Philippines could no longer call on American support. At least for a period after this war there will be nothing to fear on this score, and in that period the Filipinos can train their citizens for defense and lay a solid foundation for the country politically and economically. And while the United States might have been justified before in taking the position that if the Filipinos want to sever the tie to the United States they must take the responsibility of defending themselves by their own efforts alone, in the light of the last few months it would be no more than just for the United States to give the Philippines a guaranty, to proclaim publicly that an attack on them by any Power will be construed as an attack on the United States. If the Filipinos offer in return to allow the United States to maintain a naval base in their waters, as quite likely they may, so much the better. But it is a question whether even that need be insisted on as a condition to Filipino independence. It might even be given more readily if we did not demand it. With the lessons of the last year in mind, the Filipinos are more likely to subordinate *amour propre* to considerations of safety. In any case, it seems safe at this stage to say that the future of the Philippines has already been determined by the course of events.

The Thailand problem is also relatively simple. There really has been no problem of Thailand for a generation, or since France and Great Britain came to a tacit understanding on the delimita-

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tion of their respective territorial ambitions in Southeastern Asia. That understanding poised Thailand between the two empires, not quite as a buffer state but as an area "out of bounds" for penetration by either. In that period it has done much to make itself secure in its own right. A sense of national identity took form. Modern ideas flowed in.

No question of Thailand would have arisen, then, if the whole area of Southeastern Asia had not been unhinged from its traditional structure by the collapse of France and the irruption of Japanese troops. And it will settle itself automatically once these troops have been driven back to their islands. Thailand can be reconstituted again as a sovereign and independent state, more or less as it was before. If stability is to be achieved in that crucial part of Asia there should be no talk of penalizing Thailand for having apparently allied herself with Japan, at least to the extent of granting Japanese troops free passage into Malaya. She could not help herself. The alternative would have been destruction of the Thai cities, and then the Japanese would have forced their way through in any case. True, Thailand took advantage of France's helplessness and vacillation, and with or without Japanese instigation wrested certain border areas from French Indo-China. But it is also true that these areas had once been a part of Siam and had been seized by France in the days of Occidental imperialistic aggression early in the century. They have constituted a kind of Siamese irredenta ever since. If there is to be a general settlement in Southeastern Asia there must be a rectification of frontiers between Indo-China and Thailand, and an equitable rectification would be to Thailand's advantage. On any impartial adjudication she would be awarded all or most of the areas in question. Apart from this adjustment Thailand can and should be restored to the status quo ante.

III

We come now to Burma and Hong Kong. The problem of Burma is part of Great Britain's major problem of empire — India. It is not within the province of this article to discuss India proper, but it may be remarked that hardly any Englishman of whatever class or stripe of opinion can be so sanguine as to think that Anglo-Indian relations can be resumed again where they left off before this war. The years before 1939 provided an unnatural lull that even then did not seem likely to last. Since then there has

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been a truce. India elected not to take advantage of England's weakness, partly for the sound political reason that she had no illusion as to what to expect as a result of a Fascist victory and partly for doctrinal reasons: the leaders of the Congress Party are anti-Fascist by every conviction. Though Great Britain refused to make any material concession at the outbreak of the war, India did not obstruct the British war effort. On the contrary, Indian troops have played an important part in every British campaign outside Europe. The fact will not be forgotten by India later. It is not reckless prophecy to say that there will be a crisis in India after the war and that by comparison the years of Indian non-coöperation before 1930 will seem to have been calm and the position of Indian leaders of those days temperate.

Whatever comes in India will be reflected in Burma, whether the eventual settlement comes by compromise or after an open struggle. The elements of the problem are the same in both countries though they are discussed in different pitches of intensity. There is one peculiar complication in Burma. This is the presence there of Chinese troops, brought in to stiffen British forces defending Rangoon. The moral of Britain's having called on Orientals to bolster up the Raj in the part of the world where the Raj has been symbol and embodiment of omnipotence will not be lost on the Burmese. When the Chinese held out against Japan for more than four years, with little or no support from the rest of the world, while Great Britain could not hold out for three months without help from China, certain conclusions will be drawn in Burma — and not only in Burma — that will not simplify Great Britain's task in the East after the war. The analogy is not really sound, of course, since Great Britain was already fully engaged in Europe and Africa when she was attacked by Japan; but the effect will be expressed in emotions, not logic. And the political result will be the same, whether the analogy is sound or unsound. It must be faced now that repercussions of China's rôle in the war in Asia will be felt all through the East for a very long time. The visit of Chiang Kai-shek to India, and his assumption of the rôle of intermediary between the British and the Indians, is sure to have an enormous influence. When Japan has been crushed, China will occupy a new position in Asia, if not in the world.

As the solution of the problem of Burma depends on the solution given the India problem, so the problem of Hong Kong is

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pendant to that of China. But it is less complex. In dealing with China the Western Powers will have even less choice than they have in the case of India, if indeed they will have any at all. The defeat of Japan will automatically give China the perquisites of sovereignty. Previous derogations therefrom will lapse automatically. Until now Chinese nationalists exempted Hong Kong from their claims or at least put it in a deferred category. But Japan's expulsion of the British from Hong Kong and China's victory will clear the slate. In the new rapprochement which we can foresee between the British and Chinese, the Chinese may be willing to agree to consider Hong Kong as being in a state of transition from British to Chinese control; but this is as much as can be expected. Victorious China will hardly stand by and willingly see Hong Kong resume its status as a British crown colony. Much subsequent friction will be saved if the British at once propose that Hong Kong shall not again become a crown colony but will be operated as a joint Chinese-British settlement, with a Council in which at first there should be a British majority, but steadily diminishing until the majority is Chinese. After a stated interval the Island would revert to China. During the transitional period the administrative agencies could be manned in the same ratio as the membership of the Council and there would be time for British economic interests to make such adjustments as were unavoidable. This is as much as the British can hope for, and it is probably as much as the Chinese will give if the question is dealt with while there is amity and in a spirit of negotiation rather than of demands and refusals.

IV

The population of Hong Kong is Cantonese, indistinguishable from that of the adjoining territory. But the inhabitants of the provinces or principalities known as Indo-China are of a racial stock different from the Chinese. The two problems presented are thus entirely different. The inhabitants of Hong Kong consider themselves part of the Chinese Republic, though temporarily living under the British flag. The inhabitants of Indo-China do not. Relations between them and China were never very close, and the separation from China for two generations has deepened the gap. The rendition of Indo-China to China would not be an ideal solution either ethnically or politically if it were made by outside fiat rather than voluntarily by a plebiscite. Indeed, it

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might substitute one kind of friction for another. Then there is France to be considered. Presumably we shall not want to deal with France as a conquered province. But neither shall we be called on to make a simple restitution of Indo-China to France without any conditions.

The population of Indo-China has never been reconciled to French rule. It was not immune from the nationalistic sentiments which penetrated the East after 1918 nor from the influences of Chinese nationalism in the period between 1923 and 1928. Communist propaganda crept in also when the Third International was trying to strike at the capitalist empires through their colonial possessions. Serious uprisings occurred, especially after the Chinese nationalists had won a measure of success with the help of Soviet Russia. As a result, in the period before and after 1930 the French had to resort to drastic punitive measures to suppress disaffection. Indo-Chinese nationalists were hunted down and killed or driven to cover. The measures taken were so drastic as to leave considerable rancor.

The contemptuous treatment accorded the French by the Japanese and the submissiveness of the Vichy pro-consuls to brusque commands of Japanese generals have not enhanced the esteem in which the French are held by the native population nor their moral authority. It is true that France had already made some concessions to native sentiment before 1939, and made even more thereafter; but still more will be required. Even though her rule is reinstated, France can maintain her rule only if she makes a definite effort to conciliate native sentiment. There must be a sharp increase in native representation in government, at all levels in the administration. Natives must have a voice in the making of policy. Those with educational qualifications must have opportunity for minor professional and white-collar posts in the civil service and opportunity to win promotion. No one thing has done more to stimulate native disaffection in colonies everywhere than what can be called the occupational pale — the rule, written or unwritten, whereby natives are restricted to the lower ranks in the public service. They can be clerks, overseers, supervisors, the civilian equivalents of noncommissioned officers — but seldom officers. Thus the first nucleus of discontent has been formed almost everywhere. It is not accidental that the first recruits to native nationalist movements are from the young men of the educated middle classes. Indo-China, moreover, must

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have more local autonomy. More educational facilities must be provided. Economic and tariff policies must be devised with more regard for native welfare. In short, there must be consistent, perceptible devolution of power from the top and a broadening base of power at least in the middle ranges of the population. Since this would represent a reversal of French colonial policy as a whole, it will not be easy to bring about. But unless brought about, Indo-China, even though restored to France, will not long remain French. The nationalists of the region will rise again and they will have moral encouragement from China, if not material assistance.

V

Restitution of the Netherlands East Indies to the Netherlands is the only practical course to follow after the war. There is not yet in the islands which constitute the colony either a sufficiently stout nationalism or a social order which makes independence necessary, feasible or desirable. Some seeds of independence have been planted, however. The first shoots became visible simultaneously with a sturdier growth of the same plant elsewhere in the East after the First World War; but the soil was not propitious and the Dutch had little trouble in extirpating them. Nor is there any evidence which leads one to believe that if by some miracle the Netherlands East Indies should win their freedom immediately they could long subsist as a nation. Consciousness of national identity is not yet widespread or deeply felt. Not even the cadres of a governing class have as yet been formed. Modern ideas are disseminated very thinly. The techniques requisite to the management of a modern society have been mastered by too few. But it would be a mistake to believe that there is not discontent, that the present condition can be indefinitely projected, that the present war will not leave an ineradicable mark on the minds of the native population.

The Dutch have done much in recent years to retrieve the unfortunate effects of rather brutal exploitation in the nineteenth century. There has been a real beginning of native representation in local government. There has been more than a beginning of managed economic development with a view to safeguarding native interests, both economic and cultural. The spirit is paternalistic, but the principle is at least one of responsible stewardship. If there must be imperialistic dominion, this is one of its

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better parts. Certainly it is the reverse of the unheeding exploitation that characterized nearly all such rule in the nineteenth century.

Amelioration does not seem likely to be enough, however. It is almost an unvarying rule in the relationship of empires and dependencies that amelioration begets more discontent than oppression. At least the discontent becomes more intelligent and thereby more effective. Paradoxically, it can be met not by the cessation of the program of amelioration but by its accentuation. If the Dutch colonial authorities widen native participation in government in the larger centers, extend the degree of local autonomy in others, and in the more primitive centers carry out consistently the practice of indirect rule — administration through native leaders, to whom power is delegated but who are held responsible — then discontent can be kept within bounds. Already Dr. van Kleffens, Netherlands Foreign Minister, has announced that "home rule" is to be accorded after the war. This portends a fair degree of postwar stability and indicates that Dutch sovereignty will not be seriously challenged.

VI

British Malaya is a problem of a different order. The name is a geographical convenience but a political abstraction. The area to which it is applied consists of a peninsula and outlying islands. There are the Straits Settlements, a crown colony comprising Singapore, Penang and Malacca; the four component parts of the Federated Malay States; and the five Unfederated Malay States, so-called. All are for practical purposes British-governed, through the medium of Advisers or Residents. The problem of Malaya is complicated by the two factors of racial composition and natural resources. Malaya is not wholly Malay. Of a population of more than 5,000,000, the Malays are the most numerous element but still constitute a minority. They are slightly less than half the population, the rest being Chinese and Hindu, with almost three times as many of the former as of the latter.

The Malays are a people of little or no political consciousness and almost no economic capacity or interest in the modern sense of the word. They have no sense of national unity. Their only strong identification is with the individual state or locality. The only effective tie which unites them is the Moslem faith. There

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can be no question of giving them national independence, since there is no nation. There is only particularism in nine small localities. If Malaya were to be emancipated from British rule, the succession would not necessarily go to the Malays. It might go to the Chinese. Aside from the personnel of government, which has been British, and the small upper economic strata, which also has been British, organized life in Malaya has been conducted by Chinese. Most commercial enterprises have been in their hands. Malaya without the Chinese would collapse economically.

The second point to be made is that Malaya is the greatest rubber and tin producing area in the world and as such is of crucial importance to the western nations. It is one of the economic prizes of the world. An area of a little more than 50,000 square miles exports normally some $300,000,000 worth of products. Since both rubber and tin are indispensable to the economy of the modern world, the normal functioning of Malaya cannot be left uncertain. The country cannot be run by Malays. It would solve no racial, ethical or political problem to turn it over to the Chinese. It must be returned to British rule — with the qualification that a larger share of the wealth produced there should be turned back into education for the natives, that social services of all kinds should be expanded, and that the peasant and worker should be guarded against exploitation. If there is a genuine effort to teach the natives the first steps in the art of self-government and to develop them socially and economically, that is all that can be done in Malaya in the near future. Probably it is all that will be required.

VII

One note has run through this analysis, whichever area has been under consideration — the necessity for intelligent anticipation of trouble and action to forestall it. Lack of foresight and farsighted action brought us into difficulties with the dependent peoples after 1918. It can do so again. We thought in 1918 that we could go back to 1914 in Asia and Africa. We violated what is, or should be, one of the first laws of politics — make concessions early or not at all. It might be put in other terms — crush or conciliate.

The Western Powers violated that law with reference to their colonial possessions. They did not put down disaffection ruthlessly at the very start. For one thing, they could not. The

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strength of the empires was too spent after four years of war. For another, they would not. Four years of war had taught something to the victorious Powers, the Powers now known as democratic. It had taught them the tragic folly of war. Frank analytical criticism from within had made them conscious of their own shortcomings, of their own offenses against the social law in many respects — amongst others, the law of how subject peoples should be treated. They were disenchanted with the glories of imperialism. They were not in the mood to respond to the cold, intellectual detachment of a Bismarck or Metternich or the callous selfishness of a Fascist leader. An appeal to make sacrifices in order to launch a punitive expedition against a nation which was being ruled without its consent would have fallen on deaf ears. The British and French, in particular, could not bring themselves to crush absolutely. Neither did they have the foresight to conciliate adequately. They neither put down native disaffection nor disarmed it by making concessions at the beginning.

There were concessions later, but too late. Then they really did more harm than good. For when made on demand, and because demand becomes so importunate as to be dangerous, concessions only testify to weakness and thus invite demands for more. Success begets desire for more success, until what is asked is so egregious that collision cannot be avoided. It is a good rule to follow, at least in relations with subject peoples: never appease from weakness, but do appease from strength. What is given voluntarily can produce content, at least for the time. Three times as much, if given involuntarily later in order to escape the necessity of using force, will not produce content but will have the contrary effect.

This carries a moral for us in dealing with the problems of Southeastern Asia immediately after the present war. Voluntary relaxation of foreign control and an increase in native participation in government can postpone demands for much more for years. If in the end that means withdrawal, we at least can ourselves pace the speed of the withdrawal. The British plan of dyarchy for India, the plan of dual control with certain powers reserved for the Crown (which incidentally would have softened the edges of Indian nationalism if offered a few years earlier) has in it the principles of a workable program for the colonies in Southeastern Asia. Obviously the empires do not desire to free those colonies. Except in the case of the Philippines and Thailand

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immediate freedom is not even desirable, from an objective point of view. But none of them can be returned to the position they occupied before. The forces of history were making that situation untenable in any case, and now the war has undermined it still further. The only course for the West is, by granting greater economic well-being and ever-increasing self-government, to obtain a transitional period in which to work out a new relationship or to cushion the shock of the eventual loss.

No device which we could adopt would halt the evolution, by stages, of the institution of imperialism. First came the stage of conquest, when the countries which were socially more effective because they were the first industrialized subdued the world. This ended before the close of the nineteenth century. Then came the period of conflict among the conquerors for the most desirable spoils of conquest. This came to a climax in 1914. Then began the third period, in which the conquered revolted and resumed their conflict with the conquerors with the object of regaining their independence. This was the period between 1919 and, roughly, 1933. Then, with the renascence of Germany and Italy and the challenge of Japan, conquerors and presumptive conquerors resumed the struggle. We are in that phase now. But the third stage is suspended only temporarily. The West will once again have to fight to hold its empire or lose it because it cannot muster sufficient force; alternatively, it can postpone the issue by conciliation and compromise. Without the latter, it will have to crush its colonies to hold them.

This is true whether an international order emerges from the war or not. Regardless of whether or not there is an international administration of colonies, regardless of whether we can devise and administer a better mandate system, this issue has to be faced. There can be as much disaffection and as sharp revolt in a mandated area as in an old-fashioned colony. One order of conflict would remain even if the other had been eliminated. What is under way now is a process of imperial devolution. It can progress gradually or in violent wrenches. One of the first tests as to which it shall be will come in Southeastern Asia.

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POLITICAL EXTREMES IN SOUTH AMERICA

By John C. Campbell

WAR has come to the Americas. The policy of the Good Neighbor is undergoing its crucial test. Will the United States secure the collaboration of the Latin American republics in the policies which it finds necessary to its own safety during and after the present crisis? This is above all a political problem. The agreements signed at Rio de Janeiro, encouraging as they may be, do not in themselves provide a full or permanent solution for it. The most excellent plans for the naval and military defense of South America worked out by North American strategists must remain on paper unless South American governments find it politically possible to grant us the use of the necessary bases. The same is true of the inter-governmental coöperation essential for combating the Nazi fifth column. Similarly, measures of economic warfare against the Axis suggested by Washington will be efficacious only if they have an underpinning of political confidence and agreement. The Latin American republics are sovereign states, jealous of their sovereignty. If we attempted to base a common defense policy on the mere fact of their economic dependence on us it would be almost sure to backfire. In order, then, for our policy to attract the necessary degree of support in the diverse fields where our interests are involved, we must understand and take account of the political forces now at work in all these countries, and particularly in the larger republics of South America.

In those countries party labels often mean very little. The old established parties — Conservatives or Liberals or Radicals, whatever they may be called — as well as the newer parties which claim to be revolutionary, generally have been concerned more with securing office than with elaborating political doctrines. *Personalismo* has been the most potent force; people usually have followed men rather than programs. This does not mean that the latter can be ignored. The formal doctrinal position of a particular party often indicates the foreign power towards which the party leaders feel sympathetic and with which, if occasion offers, they intend to collaborate. And that, in a time of world war, is what interests foreign observers the most.

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On the extremes of Left and Right are groups which, though small in numbers, are politically important. They draw their inspiration both from world-wide currents and ideologies and from conditions peculiar to the local scene. Communists and Fascists mainly belong in the former classification. They have borrowed their theories and their programs directly from abroad. The Communists are part of a world organization; they follow the party line; their primary loyalty is to Stalin and the Soviet Union. The Fascists, while they generally call themselves nationalists and glory in their hundred percent patriotism, are frank advocates of totalitarianism on the model of Nazi Germany or of Nationalist Spain; some unconsciously, but many consciously, act as agents of a world movement directed from Berlin. Like the Communists, they have imported a ready-made system and want to try it out at home. Other groups have been less imitative, more pragmatic, more aware of the conditioning realities of their environment. The Socialists, for example, have modified greatly the Marxist doctrines which an earlier generation brought over from Europe. And on the Right there of course are some nationalist groups which merely represent the extremist elements of the traditional conservative parties, ambitious men whose tendencies do not go very far beyond the concepts of the disciplined state, the ruling élite, and the man on horseback; these are not borrowed theories but old and undeniably indigenous traditions in Latin America.

While the social and economic structure of Latin America may provide no real basis for the growth of either Communism or Fascism, neither has it as yet given solidity and permanence to liberal and democratic institutions. Democracy's future is by no means assured. In the social evolution of Latin America, and in the determination of its predominant political characteristics, the so-called extremists will evidently play a rôle. They have organization and leadership, and they have specific programs of policy and action. The full impact of the war on conditions in their countries may give them opportunities to gain the prize they seek: political power. For the moment, we are compelled to recognize that, although the "red spectre" is so frightening to conservatives in South America and to foreign business interests there, practically all the forces of the Left are in fact giving solid support to the international policies to which the United States stands committed. On the extreme Right, however, it would be

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hard to find groups which either give lip service to democracy or believe in collaboration with the United States. This will be made clear in the following discussion of the extremist parties, both of Left and Right, in the principal countries of South America.

I. EXTREMISTS OF THE LEFT

Communist organizations came into existence in most South American countries after the Bolshevik Revolution in Russia. They grew at the expense of the older socialist and syndicalist groups and succeeded in capturing control of important trade unions. Communist leadership now controls the *Confederación Sindical Latinoamericana*, a federation of national trade union organizations linked with the Red International of Labor Unions in Moscow.

On the whole, the influence of the Communists has been slight, certainly not commensurate with the degree of repression dealt out to them by the various governments. After all, Latin America has no large industrial proletariat and its people are strongly individualistic. Communism has had an appeal for various intellectuals, however, among them Luis Carlos Prestes, the leader of the abortive leftist revolt in Brazil in 1935. The failure of that attempt illustrated the weakness of Communist leadership and the utter lack of popular support. In São Paulo, the largest industrial center in Latin America, there were no disturbances whatever. It would seem that Communism has been more a bogey than a real menace, a convenient whipping boy for self-righteous and patriotic politicians anxious to discredit the opposition. President Vargas cited the red peril as justification for his *coup d'état* of 1937; but the "Communists" arrested or exiled happened to be the President's political opponents who opposed the new authoritarian constitution.

Communist organizations are active in Argentina, particularly in the federal capital and in the province of Córdoba, although the great bulk of the Argentine working class gives its allegiance to the very respectable Radical and Socialist Parties. The Communists have been roughly handled by the provincial governments, and the national ban on parties financed or directed from abroad has been invoked against them. A recent decision by the Supreme Court denied them the constitutional right of free assembly, on the ground that those who organize to destroy the constitution in the name of extremist ideologies are not entitled to

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claim its protection. Communist attempts to hold public meetings "in support of the Soviet Union and its glorious democratic allies," even before the "state of siege" made all such demonstrations illegal, resulted in arrests and broken heads. But they continue, through their own organizations and publications and those of the dissident Socialists, to make their influence felt.

Uruguay and Colombia are democratic countries whose governments feel secure enough to tolerate Communist opposition or to accept Communist support without embarrassment. As a result, Communists preach the party line there without obstruction, and appear in force, with red flags, at all pro-Ally and anti-Nazi public meetings. The lone Communist member of the Uruguayan Chamber of Deputies has spoken out vigorously against the Nazi penetration of Latin America. Since June 1941, when the Nazi armies attacked Soviet Russia, he has supported the government on vital questions of foreign policy and constitutional reform. The Communist Party of Colombia, gathered in its first national congress in the summer of 1941, left no doubt as to its changed attitude toward the war: "The cause for which thousands of Soviet citizens are dying is the cause of all peoples who struggle for liberty and progress. . . . The Colombian people recognizes that it will be an honor to contribute its grain of sand to the task of crushing Hitler."

Chile is the only country where the Communist Party really counts for something. Solidly based on strongly organized labor, particularly in the American-owned mining industries of the north, the Communists were, until the death of President Aguirre Cerda, an essential part of the Popular Front governing coalition. They hold no cabinet posts, but have four senators and fifteen deputies in the legislature. Weathering furious attacks from the rightist parties and the hostility of their supposed partners, the Socialists, they have clung tenaciously to their position as a legally recognized party. Several times they made opportune changes of the party's name and on one occasion were saved by Aguirre Cerda's veto of a bill to bar their elected representatives from sitting in the Congress.

The foreign issue has naturally been all-important to the Communist Party of Chile. Before the German-Russian war they were continually at odds with the Radicals and Socialists. Following Moscow's lead they trained their propaganda guns on "pluto-

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democratic imperialism" and discreetly kept Hitler in the background. Now all that has changed. Fascism abroad and Fascism at home have supplied new glue to hold Chile's Popular Front together. Hitler's attack on Russia reunited this fragile coalition on the war issue, and the possibility of a victory for the fascist-minded General Carlos Ibáñez, endorsed by all parties of the Right in the recent presidential election, created on the Left at least a temporary union, in which the Communists were accepted, albeit grudgingly, as members in good standing.

The Socialists of South America cannot in justice be called extremists, though apparently they are considered extreme enough in some countries to be denied legal existence. However that may be, they are the most important group which we can properly designate as leftist and as such merit attention.

Looking over the list of South American states, we find that there are active socialist parties in only three: Argentina, Uruguay and Chile. Socialists were never very important in Brazil, and disappeared from the scene in that country after the failure of the leftist revolt of 1935 and the abolition of all political parties in 1937. Their leaders, now in exile, have become less certain of the readiness of their country for a socialistic régime and have come nearer the viewpoint of those whose opposition to President Vargas is based on his denial of civil liberties and democratic institutions.

In Peru parties with socialist labels existed several years ago, but since the ill-fated elections of 1936 they have faded from view. The real Socialist party of Peru is the *APRA* (American Popular Revolutionary Alliance), which stands for a kind of coöperative agrarian socialism for Peru and for all Latin America.[1] Though outlawed, it is acknowledged by friend and foe alike to have a larger following among Peruvians than any other party. The *Apristas* are equally opposed to the President of Peru and to Hitler, calling them both dictators; and, forgetting their years of fulminating against Yankee imperialism, their proclamations now urge Latin America to stand shoulder to shoulder with the United States in defense of democracy.

Colombia has never had an organized socialist movement of any importance, perhaps because the ruling Liberal Party has reached out far enough to the Left to include groups which might

[1] For the origins and early history of *APRA*, see Carleton Beals, "Aprismo: the Rise of Haya de la Torre," FOREIGN AFFAIRS, January 1935.

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normally be expected to be socialist. The López régime of 1934–1938 did in fact have an informal Popular Front character, and Dr. López was supported by Colombia's few Socialists and Communists. Called by his Conservative opponents a revolutionary and a fomenter of civil war, he is by his followers described as an advanced liberal reformer. Strangely, he is about the only leftist leader in South America not now a fervent partisan of full collaboration with the United States, a fact of some significance since he seems likely to be elected president again this year. He insists that Colombia's Pan American obligations should be strictly defined, arguing that vague and unlimited commitments will mean the loss of independence of decision and of the attributes of sovereignty. Both López and his followers, however, are bitter enemies of Fascism and hope for its defeat in the present war.

In the countries of the southern half of the continent the Socialists have won an honored place in political life. In spite of meager representation in the national parliaments of Argentina and Uruguay, they are respected for their integrity and for their capable and distinguished leadership. Their leaders have tended to develop their own type of socialist thought, with less attention to the teachings of Marx than to the peculiar problems facing undeveloped frontier countries. They have worked to spread education and consolidate heterogeneous elements into a democratic national community. With more reason to be isolationist than American Socialists, they have repudiated all ideas of strict neutrality in the war. They have taken the lead in exposing Nazi penetration, in speaking out in support of Britain, and in calling for real Pan American coöperation against the totalitarian powers. In Argentina they have been prominent in the activities of *Acción Argentina*, a nation-wide organization formed to combat totalitarian propaganda and to preach patriotism and loyalty to democratic ideals and institutions. Senator Palacios, grand old man of the party, was the first public figure to proclaim that "von Thermann (the German Ambassador) must go." In July 1940, during the black days of the tragedy of France, the Argentine Socialist Party reasserted its faith in democracy and its determination to support the apparently defeated cause, come what may. "We cannot be immune to the fate of the causes in conflict," said the party statement. "As Americans and as Socialists we feel bound to the fate of free institutions, to the conquests of civilization which established freedom of conscience, equality

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of races, and the rights of Labor." An equally brave statement came from the Uruguayan Socialist Party in July 1941, when its leader, Emilio Frugoni, declared that for his party and his country there could be no such thing as neutrality. "England," he said, "our proven friend, defending our sovereignty and our freedom of trade, cannot be treated in the same way as Germany, the enemy of democracy who violates all our rights and our liberties and those of the whole world."

So seriously do the Argentine and Uruguayan Socialists take the war crisis that they have put away their pet projects for the nationalization of foreign-owned utilities and industries "for the duration." Their reaction to news of the attack on Pearl Harbor was instantaneous. Several who happened to be in New York on December 7 joined with a Peruvian *Aprista* leader and others in a ringing declaration urging the Latin American republics to rally to the support of the United States, even to the extent of declaring war. In Montevideo and Buenos Aires, their respective national executive committees proclaimed that on this American continent, whose liberty and unity had been attacked, there could no longer be any neutrals. On the eve of the Rio de Janeiro meeting the Argentine Socialists resolved to offer "full and unrestricted support to the United States and Great Britain."

In Chile, although the Socialist Party has stood for substantially the same principles, its leaders are men of lesser stature. Perhaps this is because, unlike the Argentine Socialists, they have tasted the fruits of political power and cannot afford to stick too closely to principles. The problem which has concerned them most has been their relations with their partners in the Popular Front, the Radicals and the Communists. This factional struggle, in which grave issues of internal and foreign policy have become political footballs, has threatened to split not only the government coalition but the Socialist Party as well. Nevertheless, to the Socialists should go much of the credit for wakening Chile to its fifth column danger. Their newspaper, *Crítica*, has been vociferously anti-Nazi and consistently friendly to the democracies. Oscar Schnake, the Minister of Economic Development and the Socialists' first choice for the presidency, visited the United States in 1940 and returned to Chile with an Export-Import Bank loan and a great enthusiasm for President Roosevelt's foreign policy. The Socialists have stood firm since then as dependable friends of the United States.

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The attitude taken by the representatives of the Chilean Government at the Rio conference was one of hesitant coöperation in hemisphere defense. The hesitation was plainly the result of fear of attack by Japan. In any case, Foreign Minister Rossetti represented a government severely shaken by the recent death of the President and caught in the storm of an electoral campaign. Now the election of Dr. Rios, candidate of the Left, has clarified the situation. The parties of the Right had united behind Carlos Ibáñez. Only a solid union of all groups from the Communists to the liberal Catholics was able to defeat him. Indeed, it is not too much to say that the votes of Chile's extremists of the Left may have saved the future of Pan American coöperation in Chile.

So much for the attitude of the South American Left toward the issues of the war. The Communists, in spite of good organization, hardly count. Such influence as they have is thrown on the side of friendship with the United States and will continue to be so long as we give aid to Soviet Russia. The Socialists are far more important. Considered together with the *APRA* in Peru, the *Lopistas* in Colombia, and the now-silent democratic elements in Brazil, they form the element in South American politics which, more than any other, seems to represent the forces of the future. As education is extended, the idealism of their leaders, combined with their consciousness of social realities, is likely to give them greater and greater influence. As industrialization progresses, organized labor will provide the Socialist parties with an economic backbone which they have heretofore lacked. Moreover, though it obviously is weak, a democratic tradition does exist in South America, and the Socialists seem to represent it more truly than any other political group. Their stand on the war, then, is not surprising. Their present attitude and their promise of future growth give to the policy of the Good Neighbor and to the movement for hemisphere solidarity something more real on which to build than the promises of today's dictators.

II. EXTREMISTS OF THE RIGHT

The war's shock to Latin American emotions and its dislocation of economic life have naturally been exploited by the ambitious leaders of nationalist groups on the extreme Right. The appearance of these groups, hardly noticed until the last few years, can be traced to various economic factors, to obvious faults in the

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working of pseudo-democracy, and to the strong ideological influences exerted by Europe on South America. Much the same set of circumstances which created Falangists in Spain, Rexists in Belgium, Iron Guardists in Rumania, produced in South America a flourishing crop of *nacionalistas*. Disillusioned youth, unable to find the careers to which they aspired, disgusted with government dishonesty and inefficiency, thrilled by what seemed to them the heroic accomplishments of "reawakened" European peoples under dictatorial leadership, formed the nucleus of new parties whose avowed aim is to have done with the whole constitutional framework of democracy and to make a new order. To these young men, many of them sincere idealists, were added other elements neither sincere nor idealistic. Ambitious politicians and army officers saw in the movement a possibility of attaining power not otherwise attainable. Agents working in the interests of the totalitarian powers saw how this incipient native Fascism could be turned to the advantage of Hitler and Mussolini. Reactionary elements in the traditional conservative parties saw in it a needed ally in these troublous times when the parties of the Left were beginning to talk about establishing "real democracy."

Such were the forces behind what can be called the new nationalism in South America. It is a peculiar type of nationalism in that its adherent is not in the least worried by the idea that Germany's ambition for world domination carries any threat to his own nation's sovereignty. He proclaims that he will defend that sovereignty against any and all who violate it. It is his private belief that the only real danger is from the north. The real threat to his country's independence, in his view, is not a Nazi putsch or a Nazi invasion, but the demand of the United States for strategic materials, bases and full war coöperation.

Reduced to its simplest terms, the argument of these parties is that the whole nineteenth century tradition of liberalism, democracy, and constitutional government has never been applicable to South America and that the attempt to establish it there has had deplorable results. They urge a return to their "true" tradition, which is that of Catholic Spain, the Spain of Ferdinand and Isabella and of Philip II, not the Spain which was later corrupted by the ideas of the Enlightenment and of the French Revolution. This makes them the ideological playmates of General Franco, and though it would be going too far to charge them with planning to reconstruct the unity of imperial Spain, they talk much of

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tightening the bonds with the "mother country." For their own national heroes they have a variety of dictators from which to choose. Argentine nationalists have devoted themselves to the rehabilitation and glorification of the notorious Rosas, and to the deflation of Alberdi, Sarmiento and the other founding fathers. Chilean nationalists look back admiringly to Portales, strong man of a century ago, and Colombians to Bolívar, whom they revere less as liberator than as a great military hero, the incarnation of the national will, the popular dictator. In Peru the nationalists have gone so far as to create a cult of Pizarro, who, whatever else he may have been, has attained greatest renown as butcher of thousands of the original Peruvians. In each case, the "national tradition" which is brought to light out of the past is found to mean two things: strong one-man government and *Hispanidad*. The former is an old story in South America, the addition of the latter gives dictatorship good standing in the realm of modern nationalist theory. Social change there may be, but it must be guided by "the spirit of hierarchy and discipline." This new order based on tradition and social realities, say its apologists, will parallel the new European order of Hitler, Mussolini and Franco.

There is plenty of good ammunition handy for the nationalists to use in their propaganda war. They can declaim against the selfishness and the corruption of public officials, the incompetence of legislators, the prevailing lack of discipline. They can point to the incredibly low standard of living, to the fact that "democracy" as it has been practised has been the game of the privileged few. Above all, they can rail at foreign exploiters, the big business interests (in most cases British and American), "the robbers of our national wealth." Thus they have taken the "Down with imperialism" flag away from the Socialists and Communists and nailed it to their own mast. Their dual appeal to national pride and to what seems economic interest may give their movement unexpected strength.

The Brazilian representatives of this current of thought and action were the green-shirted *Integralistas*, whose organization has now been smashed by President Getulio Vargas. But in this land where all political parties are now illegal the *Integralistas* need not grieve too much for their own lost program. They can find the essence of it in the official pronouncements of Vargas and his ministers. For the "New State" is in fact an open attempt to create the type of disciplined national state which they wanted.

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Not only does it dispense with elections and parliaments, substituting a shadowy hierarchy of corporations and syndicates; it gives these measures the backing of a theory, which is nothing less than the European doctrine of integral nationalism. Several months ago Plinio Salgado, émigré chief of the *Integralista* movement, issued from Lisbon a manifesto calling upon all his followers to give full support to the present government, for two reasons: first, because President Vargas had carried out, point by point, the whole *Integralista* program; second, because national unity was absolutely necessary in view of the threat of attack from without. In the eyes of Plinio Salgado, who is working for an Axis victory, the threat from without comes, of course, not from Germany but from the United States. Now that Brazil has broken with the Axis, he may not be so sure of the need for national unity behind President Vargas. Perhaps, like most of us, he is reduced to mere speculation on what are the real aims of that smiling dictator.

Brazil's "solidarity" with the United States, affirmed soon after we were at war and now made binding by the accords reached at Rio de Janeiro, seems to show that even a dictatorship with totalitarian tendencies can be a loyal member of an American front formed to resist the attacks of European and Asiatic totalitarianism against this hemisphere. The policy of "appeasing" Vargas, buying coffee at his price and making "political" loans, has, after a period of uncertainty, resulted in at least a temporary success. Despite this, the future is not sure. In the last decade the traditional friendship has all but disappeared from Brazilian-American relations; they have been reduced to a process of bargain and sale. Apparently we have bargained well. But the successes of Vargas have increased the prestige of his régime not only among his own people but elsewhere. The extreme nationalists of the other South American states now are great admirers of the Vargas "experiment." The evidence which it provides that the system of the European dictators, or something much like it, can grow and flourish on the soil of the New World is an inspiration to elements in other countries that feel nothing towards us but ill-will.

In Argentina there is no strong united nationalist movement. There are several groups loudly preaching the same gospel, but each has its own leaders, its own organization, its own newspaper. No Führer has arisen to dominate the movement and gather all

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factions about him. In the summer of 1941, there was an attempt to get them all to rally round General Juan B. Molina, whose loyalty to the present democratic constitution is, to say the least, doubtful. Molina's backers even applied to the Minister of the Interior for recognition of the new party which was to be organized under a High Council of Argentine Nationalism, with supreme authority in the "Chief of the Movement." The party's avowed aim was to pursue the task of "national revindication" by changes in the country's political institutions, elimination of foreign (*i.e.*, British and American) tutelage, and social and economic reforms. The Minister of the Interior, in denying recognition, concluded that the aims and methods of the movement were flagrantly unconstitutional, as was its proposed organization along military lines. He branded it as manifestly contrary to *argentinidad*, implying that while nationalism in general was a fine thing, this particular type was beyond the pale. That was the last that has been heard of the High Council of Argentine Nationalism, although it still may well be flourishing underground. If we knew more about it, we might also know more about the still unexplained military plot which the Government stifled in mid-September of 1941.

The present Argentine Government of Ramón S. Castillo does not view with any great sympathy the activities of these nationalists. Caught between their criticisms and the hostility of the democratic elements, it has taken refuge in a negative policy of general suppression. The recently proclaimed state of siege is one example. Nationalist meetings are now banned or broken up by the police; and a planned nation-wide demonstration "for the triumph of democracy both inside and outside Argentina" had met a similar fate even before the state of siege was instituted. However, this policy of "neutrality" in the internal political conflict plays into the hands of the nationalists, just as the insistence on strict neutrality in the international sphere plays into the hands of Hitler. The two problems are interlocked. In both spheres the Government finds that its conception of its duty to maintain public order and to conduct the foreign relations of the nation compels it to suppress or to ignore the sentiments of the great majority of the people. Certain army officers and fascist-minded politicians, not without influence in Conservative Party circles, applaud these methods. They rightly feel a certain satisfaction in having contributed to making most

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unlikely any sincere and all-out coöperation in the common war effort of the Americas.

Uruguay, Argentina's neighbor across the Plata estuary, is noted for its strong democratic traditions. However, it too has its Nationalist Party, ably led by Dr. Luis Alberto de Herrera. For reasons of ideological solidarity, Herrera has maintained close and friendly relations with the Argentine nationalists despite their known inclinations to look upon his country as an Argentine province destined eventually to return to the fatherland. The *Herreristas* are no mere group of unbalanced youths. They are the direct descendants of the old *Blancos* (Conservatives), and form the largest minority party in Uruguay. Owing to a unique constitutional provision, they are entitled to three cabinet posts and half the seats in the Senate. They are not openly anti-democratic, though their nationalistic propaganda only thinly disguises strong sympathies for totalitarianism. They opposed all actions contributing to continental defense. When Japan attacked the United States, the Uruguayan Government tried to rush through the Senate a bill accepting lease-lend aid. Dr. Herrera spoke against the bill, stating that the conflict was strictly an affair between the yellow and the fair-haired (*entre los amarillos y los rubios*), and was therefore none of Uruguay's, or of South America's, business. Maintenance of neutrality at any cost is his unalterable policy.

Herrera's policy was so incompatible with that of the President of Uruguay, General Baldomir, that in March of last year he asked for the resignation of the three *Herrerista* ministers. But the strategic position of the *Herreristas* in the Senate continued to create a dangerous situation. Baldomir's attempt to reform the constitution having failed on account of their obstruction, he finally resorted to unconstitutional means to dislodge them. On February 21 he dissolved the Congress and substituted a hand-picked Council of State. The nationalists thus have been driven from the halls of government. They can congratulate themselves, however, on having played a large part in bringing about the temporary breakdown of the democratic system in Uruguay. They will now be forced into conspiracy and violence to further their ends.

Chile's nationalists have had good organization and a measure of political success. The Popular Socialist Vanguard, formerly known as the National Socialist Party, participates in elec-

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tions and now has two deputies in the Congress, one of them Jorge González von Marées, in whom American newspapermen are wont to see the agent of Hitlerism, a sort of *Gauleiter* for Chile. There is, however, no proof of this charge. González maintains that the story is ridiculous, that his movement is purely national. "Chile for the Chileans" is its slogan. But on the war question he is admittedly pro-German, first, because of the similarity of his political philosophy and party program to that of the Nazis; second, because of the belief that a defeat of Germany would leave Chile and the rest of Latin America under the complete domination of the United States. He argues that "Yankee imperialism" already stifles Chile and steals her wealth, and that after the war it would be worse. This can be avoided only by the victory of Germany.

A smaller faction is the Chilean Nationalist Movement of General Ariosto Herrera, now in exile as the result of a putsch which failed in 1939. Guillermo Izquierdo, the present chief, supplies brains, organization and oratory. This group deplores the Vanguard's willingness to participate in the "rotten" democratic system and particularly its "betrayal of the nationalist cause" when it supported the Popular Front candidate in 1938. Shunning elections, Izquierdo has organized his party in uniformed military formations and hopes to seize power by force. In all other respects his program resembles that of the Vanguard. It is anti-democratic, anti-Marxist, anti-Semitic, anti-capitalist, anti-Yankee. Izquierdo says, however, that he is less Germanophil than González and sorry for the small nations the Nazis have overrun. He feels greater attachment to Rome, Madrid and Vichy, capitals of Latin Fascism, than he does to Berlin.

Until recently the bulk of conservative-minded persons in Chile have followed tradition, which is democratic at least in its forms. But hatred of the Popular Front seems now to have caused them to turn in considerable numbers to a political adventurer who throughout a highly spectacular career has shown no respect even for democratic forms — General Carlos Ibáñez. Ibáñez can properly be called a born extremist, of the *caudillo* type which is never much concerned with definitions. He ruled Chile as an absolute dictator from 1927 to 1931. On different occasions, he has had the support of the Communists and of the Popular Socialist Vanguard, and always of his own "nationalist party" made up of his personal friends. During the recent campaign he told

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American newspapermen of his determination "to maintain a democratic form of government in Chile," but to the Chileans at the same time he was promising "order and freedom from irresponsible assemblies" and a foreign policy which would let the United States fight its own war. He has been quoted as saying that Chile will guard its own coast and not grant bases to any foreign power.[2] This sounds like the program of the Popular Socialist Vanguard. González von Marées did, in fact, endorse Ibáñez for the presidency. It would be a rash prophet who would call the nationalists in Chile an insignificant minority with no future.

It is not easy to say which is the extreme Right nationalist party in Peru. All parties — and there are over a dozen of them — claim to be truly representative of the Peruvian national spirit, and most of them are well to the Right. Even the *APRA*, classed earlier in this article as a popular leftist party, has often been called Fascist by neutral observers because of its nebulous program of offering all things to all men and its habits of resorting easily to violence. But recently it has been more often the recipient than the dispenser of acts of terrorism. And the very fact that despite the size of its following it is not in power is evidence that it has not learned the lessons of Fascism well enough to put them into practice. Its most recent pronouncements are filled with a devotion for democracy.

The real nationalist party of Peru, in the sense in which we are using the term, is the Revolutionary Union or, strictly speaking, that wing of the Union headed by General Luis Flores. This group has been banned by the Government and Flores himself is in exile, but he has able lieutenants still in the country who are to keep the flag flying until the winds of fortune change once more. The nationalist ideology of this group is staunchly conservative, much more so than that of comparable nationalist groups in Argentina and Chile. Centered in Lima, imperial city of the viceroys, it is intensely Spanish. To these men the Peruvian nation must inevitably have a Spanish culture and a Catholic soul. They consider it unfortunate that both have been corrupted by the poisons of materialism, democracy, and "Indianism." They would like to go back to the ideals of the *Conquistadores*, or rather to the ideals with which they have seen fit to clothe those knights of the sword and the Cross.

In practice, they are limited to underground propaganda, in

[2] *New York Times*, January 17, 1942.

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which they attack their companions in illegality, the *Apristas*, more often than the Government which has outlawed them both. For actually, in basic aims and principles, the Revolutionary Union is not far removed from the present rulers of Peru. The Union cannot forgive the régime its lip service to democracy, however, nor its coöperation with the United States. Naturally it would be delighted to see the Germans win the war. Whether Flores has already made a mutual assistance bargain with the Nazis is not known, but there are strong suspicions that they are giving him financial aid. The true nationalist, apparently, if one judges by some of the Latin Americans who claim that title, is one who attempts to rid his country of one foreign imperialism by selling it out to another.

Colombia is at present without a nationalist party. It had one a few years ago, a small group of university youths who saw nothing to admire in democracy and were strongly influenced by the writings of Charles Maurras in France and by the apparent successes of Mussolini in Italy. This group, however, was never more than an offshoot of the Conservative Party and has since returned to the fold. Its members are discouraged at their lack of success and have lost much of their original ardor. They continue to insist on the need for national regeneration, for bringing back to public life the true spirit of Bolívar, for the assertion of national sovereignty, for repudiation of the policy of slavishly following the United States. They condemn the agreements signed at Havana in 1940 and recently at Rio de Janeiro on the ground that they weaken Colombia's status as an independent nation — a view not very different from that of Dr. López, whom they detest. They lack both organization and popular support, and so far they have not allied themselves to the Axis cause to compensate for this weakness. Unless they capture control of the Conservative Party, of which there is no immediate prospect, they seem destined to remain in their present obscurity for some time to come.

It would be misleading to generalize from the foregoing. However, a point-by-point comparison of the programs of all the nationalist parties of South America reveals a striking agreement which cannot be wholly attributed to the similarity of local conditions. They all repudiate universal suffrage, parliamentary democracy, economic liberalism, the Marxists, the Jews and the influence of the United States. They all favor order, discipline,

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the functional organization of the state, economic planning, the nationalization of foreign enterprise, the leadership principle and political dictatorship. They are all bitterly anti-British and anti-American; they hope the war will end with an Axis victory. The explanation for this is not far to seek. The ideologies of all these parties, regardless of local circumstance, can be traced in large part to a common source: European Fascism. The revolt against the domination of the Great Powers is of course a natural development among peoples traditionally proud and materially weak; but the form which the nationalists have tried to give to that revolt is borrowed in most essentials from Europe. In the present conflict, while their slogan generally is "strict neutrality," they inevitably side with the régimes which gave them life. How generally and how actively they have been working with Axis agents in South America is hard to say; but in Argentina the recent congressional investigation of "anti-Argentine" activities turned up a good deal of positive evidence on that score.

One thing is certain. The nationalists are fully conscious that their own fate is bound up with the outcome of the war. The victory of Germany might put them in power. The victory of the democracies would be a blow from which they could not easily recover. If the Axis is defeated they at the very least would have to change their formula and perhaps would lose their identity entirely by being reabsorbed into the traditional conservative parties.

It is true that the extremists of the Right, like those of the Left, are not numerous. Yet they must be taken seriously for two reasons. First, they enjoy the support of highly placed military men and a certain sympathy from many members of the powerful conservative parties. In a period of crisis in which Conservatives had to choose between democracy, which many of them favor only because it has been kind to their economic interests, and the dictatorship of a Molina or an Ibáñez, they might prefer the latter alternative. Secondly, South American politics lack the middle class bastion that enables an established democratic system to laugh at, or to ignore, its extremist fringes. Where political power can and does change hands by means other than democratic elections, no group of ambitious men is too small to be noticed.

In recent years the world has been in some confusion as to what is Left and what is Right. Nations with the most varying official ideologies and constitutional systems have been approaching a

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uniform type of monolithic state from different directions. Some have been willing to relegate their political theories to the status of "matters of taste," as Molotov put it. The contradictory changes of front carried out by Stalin and Hitler have increased the confusion. Only the most blindly loyal followers have been capable of the mental readjustments ordered by the official theorists in Berlin and Moscow. In South America, both Hitler and Stalin have been able to maintain coteries of such faithful followers. This does not mean that everyone with a Marxist or Fascist label can be regarded as a foreign agent. Many of them have roots in the native soil. The struggle for economic independence and a more balanced economy is a natural concomitant of the semi-colonial status of these countries. In this struggle, both types of extremists say they are the natural champions of their country's interests.

To try to fit all the varied phenomena of South American politics into the framework of a simple struggle between progressive forces, which favor the democracies in this war, and reactionaries and nationalists, who favor the Axis, is not justified. Nor is it to be expected that in a time of crisis like this the officials who direct the policies of the United States will feel like peering too closely behind the façade of continental solidarity to find out who is a sincere democrat and who is not. Unless the façade cracks, we are content to leave things as they are. But in the long run if we are to win the support of the peoples of South America, as distinct from their governments, we shall have to learn to recognize our natural friends and our natural foes when we meet them. The Axis Powers learned to do that long ago.

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THE FUTURE OF ETHIOPIA

By Robert Gale Woolbert

ETHIOPIA, the first country to lose her independence in the present sweep of aggression, has been the first to be liberated. True, the invasion of Manchuria preceded the conquest of Ethiopia by four years; yet even today, a decade after Japan began her attack on China, there is still a Chinese Government in effective possession of a large part of China, engaged in a fight to the finish with the invader. Ethiopia, unlike China, was completely overrun and her independence extinguished. She thus heads the roll of national tragedies, now beyond the dozen mark — Austria, Albania, Czecho-Slovakia, Poland, the Baltic States, Denmark, Norway, Holland, Belgium, Luxembourg, Jugoslavia and Greece. And this is to say nothing of Hungary, Rumania, Bulgaria and Thailand, as well as Italy herself, author of Ethiopia's downfall, all of which surrendered their freedom without a fight.

As the first country freed from Axis occupation, Ethiopia faces the liberating Powers with important and complicated problems. Here, for the first time, they must make decisions which inevitably will influence the policies they later pursue in other occupied lands as they too are freed. The same reconstruction formulas cannot, of course, be applied indiscriminately to such dissimilar countries as, for example, Ethiopia, Albania, Poland and Norway. Yet, given the force which precedent exerts on the acts of governments, the policies followed in the reconstitution of an independent Ethiopia seem sure to serve as guideposts for those who are to supervise the creation of a New Europe out of the wreck of the New Order. Nor should we forget that the policies applied to Ethiopia will be watched with the closest attention, not only by the various governments-in-exile and their countrymen at home, but by the Axis régimes themselves, for these can be counted on to extract the full propaganda value from any failure by the Anglo-Russo-American bloc to honor promises made to its smaller allies.

On November 28 of last year Italian resistance in East Africa ended with the surrender of the besieged Fascist garrison at Gondar. The campaign had been typical of this war in that the Allied forces were composed of units from many parts of the

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world. The British Empire contributed men from the United Kingdom, West Africa, Rhodesia, South Africa, Kenya, the Sudan and India. There were also contingents from the Belgian Congo and the Free French colonies in Africa. And last, but certainly not least, there were the "patriot" armies raised by the Ethiopians themselves. The interest of Britain's allies in her policy towards Ethiopia thus derives in part from their participation in a common victory. It flows even more from the common resolves taken by all the United Nations in their joint declaration signed at Washington on January 2, 1942. In the preamble of that document they subscribe to the "common program of purposes and principles embodied in the Atlantic Charter," and in Article Two they pledge themselves "not to make a separate armistice or peace with the enemies." Each of the signatory governments thus has a vital interest in any actions and commitments of any of the others which might prejudice either the conduct of the war or the negotiation of an equitable and durable peace. We have, in effect, become very much our brother's keeper.

In a time when Americans anxiously await the latest hourly news from Chungking and Delhi, Cairo and Kuibyshev, Ethiopia has lost some of her remoteness. Time was, and not many years ago, when "Abyssinia" was merely a word — like Tibet or Timbuctoo — that sprang to the lips as a synonym for something inaccessible, hardly real. Before the Ethiopian War of 1935–36 only two articulate groups in the United States were interested in Abyssinia: the more race-conscious Negroes, and certain religious bodies engaged in missionary work. The Christian Abyssinians, who have always constituted the ruling element in Ethiopia, are very proud of their non-Negro racial and cultural origins. Nevertheless, as they are in general dark-skinned and as they are most certainly Africans in a geographical sense, they have received the sympathy of black men throughout the world, especially anti-imperialist black men in the United States and the West Indies.

This feeling of sympathy became widespread among all Americans when Mussolini invaded Ethiopia in the fall of 1935, and since that date Ethiopia has ceased to be in the minds of most Americans a blank spot marked *Hic sunt Leones*. In the near future our interest in Ethiopia and adjacent lands is bound to increase still further, for the United States Government is constructing a huge supply and repair base in Eritrea to serve Allied forces in the Near East. Details concerning these activities have

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of necessity been meagre. It has, however, been obvious for some time that none of the Near Eastern countries under Allied control — Egypt, Palestine, Syria, 'Iraq or Iran — was sufficiently remote from enemy bombers to afford sites suitable for large-scale bases where supplies and matériel from Britain and America could be unloaded, assembled and repaired in comparative safety. Alexandria, Haifa and other ports in the Eastern Mediterranean are easily reached from Axis air bases in Libya, Crete and the Dodecanese. They are also vulnerable in that traffic bound to and from them must depend on the Suez Canal, since the short route past Gibraltar and Malta has become too dangerous for merchant shipping. But even the Canal cannot be relied on entirely, for it too is within the enemy's easy bombing range; it may thus be blocked, at least temporarily, by ships sunk in it while passing through. Even the port of Suez, at the Red Sea end of the Canal, has not proved satisfactory because it too is subject to bombing.

Eritrea, on the other hand, is sufficiently distant from any Axis-held territory — Crete and Bengazi are 1,750 airline miles from Asmara — to afford adequate protection without at the same time being too far removed from the fighting forces which it must serve. Massaua has a respectable harbor less than 400 miles from the Bab-el-Mandeb, where the waters of the Red Sea and the Indian Ocean meet. It is therefore well situated to act as a terminus for convoys coming from America either via the Atlantic and the Cape of Good Hope or via the South Pacific and across the Indian Ocean. The latter route is probably no longer practicable; even the former will become dangerous, perhaps impossible, if Japan is able to exploit her early victories at Singapore and in the East Indies sufficiently to break Britain's naval hold on the Indian Ocean. Eritrea could also become one of the termini for the air route between the United States and the Near East that passes by way of West Africa and the Sudan. This route is now used for plane-ferrying and for the transport of government officials, important mail and other urgent business. It cannot, of course, become a substitute for the round-the-Cape water route as a means of moving troops, arms and supplies to Eritrea and the Near East. However, roughly parallel to this air route there is reported to be in process of creation one or more land routes by which war supplies can in time be moved in considerable quantities. To tie the Eritrean base in with this route would be a simple matter. Through highways already exist between Eritrea and the

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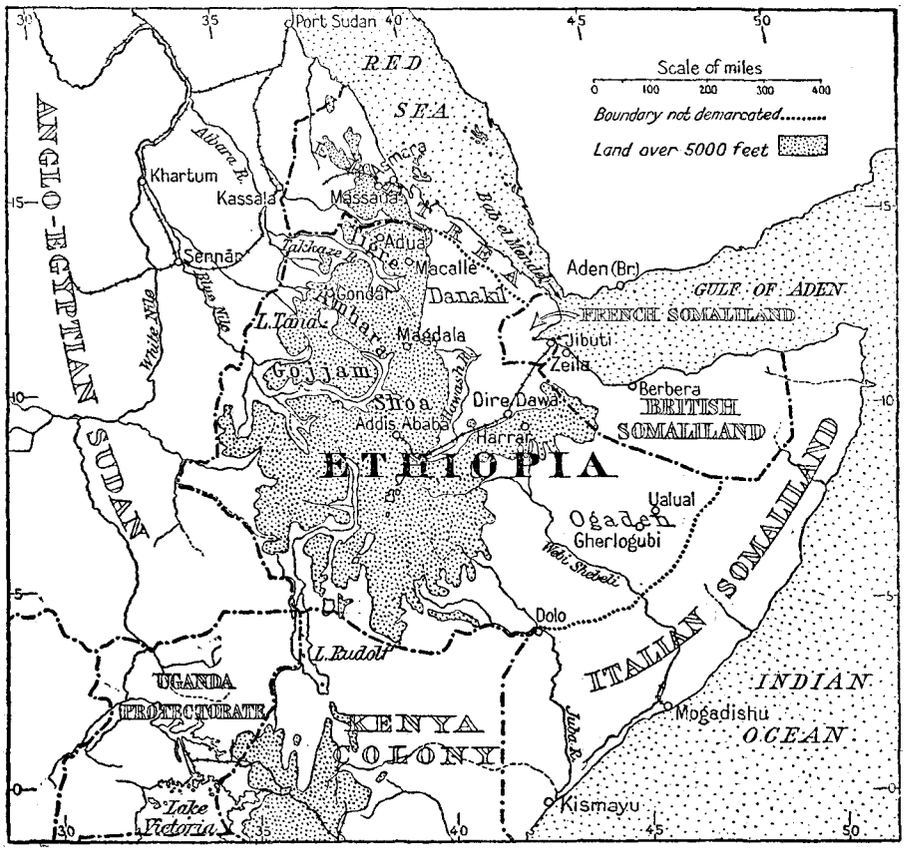
Sudan and these could easily be improved; while the gap between the Sudan and Eritrean railway systems, only 75 miles in length, can easily be filled in.

Massaua "enjoys" one of the hottest and most unpleasant climates in the world. Fortunately, it lies almost in the shadow of the Eritrean highlands. Asmara, located on the plateau at an



elevation of 7,500 feet, is only 50 miles from Massaua as the crow flies, or 75 by either the narrow-gauge railway or the more modern highway. The American base is said to include both the Massaua and the Asmara areas. Its climatic and topographic conditions will thus run a wide gamut, for at 7,500 feet, even on the 15th parallel of latitude, one is in reality in the temperate zone. Some use can doubtless be made of the means of transport, shops and other installations set up by the Italians when this area was the base for their operations against northern Ethiopia. Much will

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have to be rebuilt or created *ex novo* if it is to serve the needs of a vast army fighting modern mechanized warfare against the world's greatest masters of that art.

The construction of this base is purely a war measure, and the American authorities have emphatically declared that the United States is acquiring no territorial rights or claims over any part of Eritrea. Nevertheless, the existence of this base does give the United States an added reason for concern in Britain's policy towards the restored government of Haile Selassie.

When Mussolini thrust Italy into the war on June 10, 1940, he did so at the cost of leaving his newly won empire in East Africa to its fate. Not that *Il Duce* understood this at the time, for in his calculation the imminent fall of France was to be followed shortly by the collapse of the British Empire. This event, long predicted by Fascist orators, was to have opened the gates of Egypt and the Sudan to the creation of a vast Italian empire in Northeast Africa. The failure of Britain to cave in according to the Fascist schedule meant that, except for hazardous communication from Libya by air, Italian East Africa was completely isolated from the homeland. The question then became one as to how long it would take the British to exert enough pressure against the Fascist forces in East Africa — numbering over 200,000 and known to be well armed and supplied — to cause them to surrender.

An obvious weapon to use against the Italians was the Ethiopian people itself. The British Government had, in 1938, decided to recognize the Italian conquest of Ethiopia. Though Haile Selassie had taken up residence in England, he was regarded by the British Foreign Office merely as a private person, not as the head of a government-in-exile. When, however, Italy and Britain went to war, the latter discovered that the former Negus was a valuable diplomatic and military asset. He was flown to the Sudan in a British plane, and on January 15, 1941, he raised his banner on Ethiopian soil. With this gesture the reconquest of Ethiopia was begun. Patriot bands, some of which had been carrying on guerrilla warfare against the Italians ever since the Emperor had fled in 1936, joined his forces. Led largely by British officers, these played an important part in the ensuing campaign, particularly in the liberation of Gojjam province.

The troops of the Emperor were not the first to reach the capital. This honor was won by a small body of South, West and East African troops that in seven weeks (February 14 to April 5)

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pushed its way from Kismayu, at the mouth of the Juba River, through Mogadishu and Harrar to Addis Ababa, a distance of some 1,150 miles, after having defeated Italian forces several times its own in number and captured immense stores of arms and other supplies. By May 19 the Italian Viceroy, the Duke of Aosta, had surrendered at Amba Alagi, and the campaign was at an end except for the capture of a few isolated outposts.

This lightning campaign — authentic Blitzkrieg — will remain as one of the military marvels of this war. How so few could accomplish so much against so many, particularly when the many were better supplied than the few and were in possession of numberless excellent defensive positions in a mountainous country, is explained by the low morale of the Italians and their native allies. Only in rare instances, such as during the siege of Keren, did they put up more than a halfhearted fight. Mussolini lost his empire even more quickly than he had won it.

On February 4, 1941, Foreign Secretary Eden declared in the House of Commons that: "His Majesty's Government would welcome the reappearance of an independent Ethiopian State, and recognizes the claim of the Emperor Haile Selassie to the throne. The Emperor has intimated to His Majesty's Government that he will need outside assistance and guidance. His Majesty's Government agree with this view and consider that any such assistance and guidance in economic and political matters should be the subject of international arrangement at the conclusion of peace. They affirm that they have themselves no territorial ambitions in Abyssinia. In the meanwhile the conduct of military operations by Imperial forces in parts of Abyssinia will require temporary measures of military guidance and control. These will be carried out in consultation with the Emperor, and will be brought to an end as soon as the situation permits."

This commitment was made in anticipation of the conquest of Italian East Africa. Not until May 5, five years to a day after he had fled into exile, did the Emperor reënter Addis Ababa. He appointed a ministry and set about reëstablishing his administration, both in his capital and in the provinces. At the same time, there came into existence a British administration that operated alongside, or perhaps above, the Ethiopian Government. This British administration, nominally military, was nevertheless staffed in no small part by men whose experience had been in the colonial service. In England the friends of Ethiopia voiced con-

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siderable apprehension at this system, and particularly at the use of colonial officials in the administration of a friendly people long accustomed to national self-government. Questions were asked in Parliament as to when the Government intended to give effect to its implied promise to recognize Haile Selassie, not only as the ruler of an independent Ethiopia, but as an active ally in the war. The Government was reminded that the Emperor had declared himself and his people ready to fight on against the Fascist Powers until final victory was won. In general, the Government spokesmen confined themselves to reiterating Mr. Eden's statement of February 4.

Finally, on January 19, 1942, the British Government was able to announce that a two-year agreement had been made, the general nature of which was revealed by Mr. Eden on February 3. In this accord the Government of Haile Selassie received formal recognition, and a grant of £2,500,000. Other British aid in the form of a military mission and various advisers was also extended, as will be explained later, in return for the wartime use of Ethiopian bases and communications.

What about the United States? Unlike Great Britain, this country has never recognized the Fascist conquest of Ethiopia. That being so, all the American Government need do to reëstablish relations with Haile Selassie is to exchange diplomatic missions. Such a step, aside from satisfying the elementary demands of justice, would have the practical advantage of allowing us to station diplomatic and consular representatives at Addis Ababa and other Ethiopian cities, where they could gather much-needed information about a region in which we have suddenly become vitally interested. Further, because of the prestige enjoyed by the United States in that part of the world, American diplomats would be in a particularly favorable position to facilitate close collaboration between the Ethiopian and Allied Governments. The dispatch of an American diplomatic mission to Addis Ababa would seem to be most desirable.

Ethiopia should also become one of the United Nations by being invited to adhere to the Washington Agreement of January 2, 1942. Haile Selassie and his patriot bands have for some time been *de facto* allies of the anti-Axis Powers — indeed, the Ethiopians were fighting Fascist aggression long before the twenty-six United Nations were willing to recognize that it was their fight too. The least these Powers can do is to admit Ethiopia to their

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ranks. Incidentally, this would be wise diplomatic strategy, for it would impress the colored and colonial peoples of the world with the sincerity of Allied professions.

So much for Ethiopia's rôle in the war. What is to be her status when victory has been won? This is a question that will concern the United States, if for no other reason than because it will be an American interest to see that the peace settlement is so devised as to leave — anywhere in the world — the fewest possible foci of dissatisfaction from which future wars may breed.

First of all, Ethiopia must be assured of her juridical independence. As far as Britain is concerned — and she is the paramount Power in that part of the world — the question has apparently been settled by the agreement announced on January 19. If in addition the United States were to resume diplomatic relations with Ethiopia, and the latter were to adhere to the Washington Declaration, there would be little, if any, doubt that an Axis defeat would see Ethiopia's independence fully restored.

There then arises the question as to what territory should be included in the revived Ethiopian state. Thus far three main schools of thought have manifested themselves on this subject in England. One school, composed primarily of liberals and anti-imperialists, holds that Ethiopia should not only be restored to her 1935 boundaries, but should also be given Eritrea, and perhaps French and Italian Somalilands. Those who hold this view point out that there are weighty geographic, economic and ethnic reasons in favor of their proposal.

Another group, more numerous and influential, holds that the Ethiopian Empire is hopelessly backward and that therefore the non-Amharic and non-Christian parts of it should be lopped off, leaving only the ancient core of historic Abyssinia under a nominal freedom, but in reality as a British protectorate. To make this proposal is to suggest the revival of the essential feature of the Hoare-Laval Plan. Those of this persuasion speak feelingly about the need for Haile Selassie to accept "advice and assistance."

Then there is the pro-Italian point of view, expounded by such persons as Major Polson Newman, who defend the reputation of the Italians as colonizers and suggest that after the war Eritrea and Somalia, at least, could be returned to a chastened Italy.

Though these schools manifest numerous minor variations within themselves, most publicists who have expressed themselves concerning the future of Ethiopia — and there have been

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quite a number — fall into one school or another. In addition, there is the attitude prevalent among many of the unreconstructed Boer Nationalists who regard all of sub-Saharan Africa as the rightful sphere for South African imperialism. Field Marshal Smuts himself, though certainly no adherent to this school of thought, talks of the "United States of Africa" in which the Union would play the leading rôle. It is hardly necessary to point out that the South African color bar and all its implications arouse only the most hostile emotions among the race-proud Abyssinians. To allow the South African Nationalist mentality to get a foothold among those giving "advice and assistance" to the Ethiopian Government can only beget trouble.

One reason for the reluctance of the British to recognize the Ethiopian Government may well have been their unwillingness to endorse the territorial integrity of Ethiopia as of 1935. Having accepted the Italian conquest, the British Government can of course allege that its recognition of the independence of Ethiopia does not necessarily carry with it acquiescence in her former boundaries. The United States, never having recognized Victor Emmanuel III as Emperor of Ethiopia, does not, one would suppose, enjoy this same freedom of choice. Furthermore, in Points One and Two of the Atlantic Charter, to which all the United Nations have now subscribed, the signatories are pledged to "seek no aggrandizement, territorial or other," and to "desire to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned." Just how closely the peacemakers can, and will, adhere to these formulae remains to be seen. The search for an equitable and durable peace may well lead to many decisions not now foreseeable. Let us therefore examine the question of Ethiopia's boundaries on its merits.

The accompanying maps, showing the diversity of language and religion in and around Ethiopia, indicate the impossibility of trying to carve up that region along lines of cultural cleavage. And the maps only begin to tell the story, for in reality the confusion of peoples and tribes is far too great to portray on any map, no matter how detailed. In the city of Harrar, for instance, is preserved a Semitic dialect related to the Amharic language that predominates on the Abyssinian plateau. Yet the city is surrounded by territories inhabited by Hamitic-speaking peoples. In other areas several different languages will be found in the same locality, spoken by diverse peoples living side by side.

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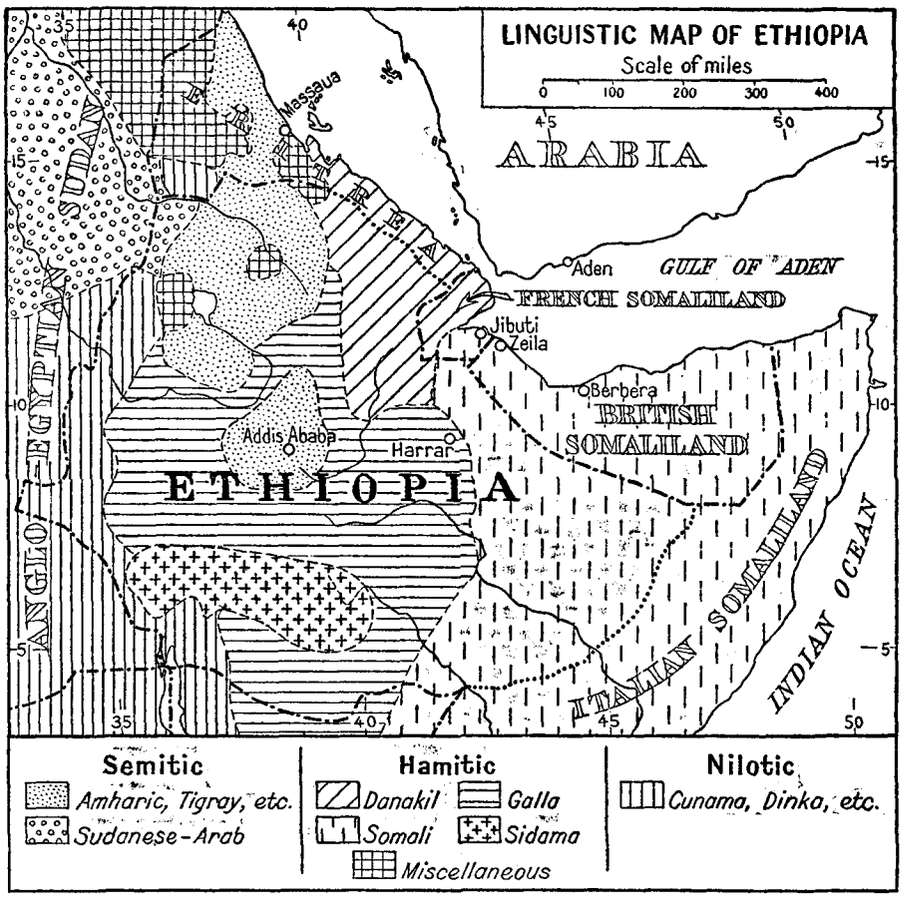
What has been said of languages applies with equal force to religions. Here, too, one finds an absence of clear-cut dividing lines. We are accustomed, for example, to refer to the inhabitants of the central plateau as Amharic-speaking Christians. As a matter of fact, the Christian Abyssinians are divided among



three principal Semitic language groups — Amharic, Tigray and Tigré.[1] In contrast to these, there are certain Hamitic languages also spoken in the highlands, such as Galla and Agau. Furthermore, not all of the inhabitants of the plateau are Christians; many are Moslems, while some are still pagans. Nor are all those who speak Amharic and its sister tongues necessarily either Chris-

[1] For a more detailed description of the distribution and character of the language-groups and religions of Ethiopia see R. G. Woolbert, "The Peoples of Ethiopia," in FOREIGN AFFAIRS, January 1936.

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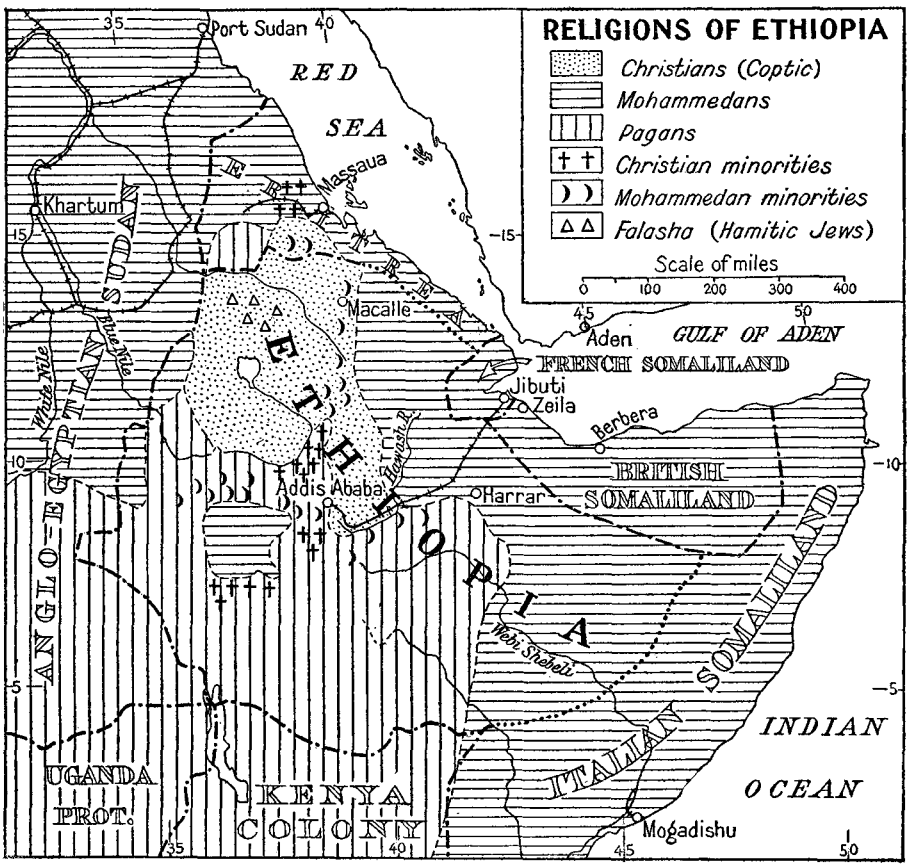
tians or inhabitants of the plateau. The language spoken at Massaua, where the population is almost wholly Moslem, is one related to Amharic — in this case, Tigré.

The Christian Abyssinians have always made of their Coptic religion a bulwark against the Moslem flood that for centuries has



pressed against their mountain bastions. One of the salient features in their history has been this continual struggle to preserve their island of Christianity in a sea of Islam. This struggle has been long and fierce, and its memory is part of the national tradition of Abyssinia. That in our times this tradition is still vigorous was shown in 1916 when the Emperor Lijj Yasu, grandson and successor to Menelik, was overthrown among other reasons because of his partiality to Islam. But the very fact that a man whose father (Ras Micael of Wollo, a Galla region in the central plateau) had been a Moslem could even ascend the im-

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perial throne indicated that times were changing. The Galla, for instance, have long been intermarrying with the Abyssinians, and many have received high office. Haile Selassie has encouraged this tendency, and during his previous rule even Moslems participated in the imperial administration. It is along this road that the salvation of Ethiopia lies. The Christians and Mohammedans of Egypt, Palestine, Syria and the Lebanon have learned to live and let live with a fair degree of mutual accommodation, and it is not too much to hope that they can do the same in Ethiopia.

There has, it is true, never been any such thing as Ethiopian nationalism — that is, a sense of loyalty to a common fatherland on the part of all the peoples in the empire. Among those peoples only the Christian Abyssinians possess a sense of national solidarity that has evolved to any degree of articulateness. Elsewhere in the empire loyalties are still localized in the tribe or in the region. Most of the peoples cannot even lay claim to a written language, and without that the growth of a national culture is impossible. Perhaps the first sparks of a feeling of common destiny among the Ethiopian peoples were struck off on the anvil of Fascist rule. Perhaps also the heroic figure of Haile Selassie may catch the imagination and enlist the loyalty of his heterogeneous realm.

In any event, the Ethiopian Empire is an historical reality and the wise course for peacemakers is to build upon that foundation. Anything that can be done to prevent the rise of countless small African nationalisms based on racial, linguistic or religious differences should be encouraged. The tendency today must be towards integration, not partition. The Balkanization of Africa can hardly be the aim of enlightened statesmanship. The experience of Soviet Russia in protecting the cultural autonomy of its numerous and diverse peoples within a greater political framework might be imitated, as far as conditions permit, in Ethiopia. Even if the Lion of Judah should turn out to have been nothing more than an African counterpart of the Habsburg Monarchy, it will have served a useful historical purpose.

Italy's poor record as a colonial Power will, one supposes, result in her complete expulsion from East Africa. The territorial question will thus involve not only Ethiopia but the older Italian colonies of Eritrea and Somalia. The future of French Somaliland, at present under Vichy rule, may also come up for adjudication. All of these colonies, plus Britain's sparsely inhabited protectorate in Somaliland, belong geographically and ethnically to

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a much larger region — one of which the Abyssinian plateau is the core. This region, roughly in the form of a triangle, possesses marked characteristics that distinguish it from surrounding regions. On the east it is bounded by the waters of the Red Sea, the Gulf of Aden and the Indian Ocean, and on the west by the line where the plateau falls away into the plains of the Sudan. In the south, though nature has failed to provide a clear-cut line of cleavage, the belt of sterile steppe and swamp land in northeast Kenya running from Lake Rudolf to the Indian Ocean forms a buffer zone between the Ethiopian and Kenyan highlands. In addition to its geographical unity, this region possesses a high degree of ethnic homogeneity. Except for the border areas along the Sudan frontier, it is inhabited by peoples manifesting like somatic characteristics which anthropologists have identified as belonging to the Ethiopic type.[2]

When the territorial settlement of African problems is being made after the war, the Ethiopian Government will undoubtedly put in a claim for areas that did not belong to it in 1935. Even before the Emperor returned to Addis Ababa these claims were outlined by Dr. Warqneh Martin, former Ethiopian Minister in London, who wrote that as "compensation for the horrible atrocities perpetrated against her defenceless people by the Italians," Ethiopia should be awarded "the ports of Massaua and Assab, and the coast between them . . . with the Province of Hamasien, now called Eritrea . . . Italian Somaliland might also be granted to Ethiopia, but of course only if the inhabitants of the locality desire to be free and equal members of the Ethiopian Empire." Certain English publicists even propose handing over French Somaliland, since Jibuti is the most accessible outlet for central and southern Ethiopia.

The claim to Eritrea, or at least the plateau section of it, is difficult to refute. It was once an integral part of Ethiopia and its inhabitants belong to the main body of Christian Abyssinians. The case for the annexation of the coastal areas, including Massaua and Assab, is not so clear. The English quarterly *Round Table*, in its September 1941 issue (p. 721), suggests that "the Red Sea and Indian Ocean coasts should be under some régime which would inspire confidence in Ethiopia and provide the needed facilities for through traffic." This proposal, at least as it

[2]See the article in volume xiv of the "Enciclopedia Italiana" on the "Etiopici," especially the map on p. 485.

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concerns the Red Sea, would appear to be a mistake. Except for Massaua, Assab and a few very small villages, this coast is virtually uninhabited — one might say uninhabitable, so unbearable is its climate. The only raison d'être for Massaua and Assab is as ports for the Abyssinian plateau. To separate Massaua from its hinterland would be a geographic and economic absurdity. If Ethiopia is to have a chance to become a going concern politically and economically, she must have access to the sea. The only comprehensible object in denying her this access would be to keep her in a semi-colonial condition.

Much the same reasoning applies to French Somaliland. If France retains or regains her colonial possessions in the Pacific and Indian Oceans, Jibuti will continue to be useful to her as an entrepôt. She could in this case retain a small concession of land on the Gulf of Tajura as a sort of French counterpart to Aden. The rest of French Somaliland could be incorporated into Ethiopia, not only because Jibuti is the main outlet for the central plateau, but because the inhabitants of the colony are of the same stocks (Danakil and Somali) as those of the adjacent regions in Ethiopia. In any event, the Addis Ababa-Jibuti railway should pass under Ethiopian control.

This brings us to British Somaliland. It so happens that the political division of the Somali people under French, British, Ethiopian and, until recently, Italian sovereignty, is highly anomalous. The coming peace settlement will afford an excellent occasion for setting up a more rational arrangement. There might be created a single administrative area comprising all the Somali people (except the few thousand along the railroad to Addis Ababa, who ought to remain in Ethiopia proper for economic and strategic reasons). In such an area, some 350,000 square miles in extent, would live a relatively homogeneous population of nearly three million persons with the same language and religion, under more or less the same geographic and climatic conditions. The government of this area might be a nominal condominium like that in the Sudan, where the effective power is wielded by a few British officials who supervise the local administration of native officials or chiefs. In this way Ethiopian *amour propre* might be protected while assuring a unified and responsible government in the Horn of Africa. When and as the Ethiopian Government demonstrated its ability to govern peripheral peoples, it could be accorded a larger share in the joint administration.

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The conclusion to which we have come, then, is that it is neither politically wise nor physically possible to split up the mosaic of Ethiopian peoples into different sovereignties; that the whole area comprised within former Italian East Africa and the two Somalilands of Britain and France possesses a high degree of geographic, racial and historical unity; and that therefore the function of wise statesmanship is to strengthen this natural unity by endowing it with political unity. Here is a chance for us to anticipate, and thus avoid, some of the mistakes into which the exaggerated nationalism of Europe has led its peoples.

This will not be easy, and it can only be achieved if the Ethiopian Government receives that outside aid and advice which the Emperor has repeatedly stated he needs. The recent two-year agreement between Britain and Ethiopia provides for many forms of aid and advice. For example, British judges are to sit in Ethiopian courts, British advisers will assist in the imperial administration, British officers will train the army and police force, and the British Government is given sweeping rights on Ethiopian territory for war purposes. In effect, these terms merely ratify conditions existing since the British forces took over the country last spring. In return for these wide concessions, Ethiopia will receive a small financial grant and is given the assurance that Britain has no designs on her independence.

These terms make Ethiopia, at least for the duration of the war, a *de facto* British protectorate. Her position is thus somewhat similar to that of Egypt, 'Iraq and Iran. Haile Selassie and his government have in effect been placed on probation. They must demonstrate their capacity for administration and their willingness to learn and to improve. Fascist rule, paradoxically enough, will have contributed something to the political progress of the Ethiopians if, by showing that they are not as invincible as their fifteen centuries of freedom had led them to believe, it has persuaded them that they must be more receptive to modern ideas, institutions and techniques. The Fascist legacy of a wide-ranging network of highways and airports, if not allowed to decay, will greatly simplify the task of centralizing the administration and preventing provincial governors from pursuing independent, and even mutually hostile, policies as in the past.

One of the things on which foreign observers, and certainly the protecting Power, will keep a close eye is the policy of the Ethiopian Government in regard to slavery. The continued existence of

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this institution is cited by opponents of Ethiopian independence as evidence that the country is ruled by an anachronism unworthy of the name of government. In the recent Anglo-Ethiopian accord Haile Selassie agreed to issue a decree abolishing slavery in Ethiopia as soon as he is able to legislate again. Such a decree will represent a culmination of preliminary measures promulgated over a number of years by the Ethiopian Government. We must not, however, expect miracles. An institution that is such an integral part of Ethiopia's feudal society cannot be legislated out of existence by a stroke of the pen. The Emperor is fully aware of this and is seeking to make the transition from bondage to emancipation in such a way as to rend the social and economic fabric as little as possible. The Italians also decreed the end of slavery, but substituted forms of state service that robbed the decree of any practical value. With the proper foreign guidance and encouragement, the Ethiopian Government may, by using its own peculiar African methods, succeed where the "efficiency" of Roman methods failed. In any case, the most disgraceful aspect of slavery in East Africa, the slave-smuggling trade across the Red Sea to Arabia, is something for which the maritime Powers must take the major responsibility, and which Britain in particular should make every effort to suppress.

One of the reasons for hope in the future of Ethiopia is the Emperor himself. Haile Selassie is an enlightened and forward-looking sovereign. He made remarkable progress in improving the character and personnel of the administration, national and provincial, before 1935. Given time and disinterested help, he can make even faster progress in the future, once he has filled the places of the educated and able young men systematically exterminated by the Fascists. Progress and reform, no matter how slow, will rest on solider foundations if made under an inspired native régime than under foreign domination or tutelage, however enlightened and altruistic the latter may be. Unlike truly colonial peoples, or even peoples long subject to foreign rule, the Ethiopians will tolerate and coöperate with a government only when it is their own. The government of the Ethiopian Empire is certainly far from being that of a modern democracy. It is, according to Anglo-Saxon standards, inefficient, often corrupt and sometimes cruel. Yet it may be not inaccurately described as one that answers the requirements of the feudal stage from which Ethiopian social, economic and political life has just begun to emerge.

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Haile Selassie is not the only one on probation. A heavy responsibility also rests on the protecting Power, and behind it, on all the members of the anti-Axis front. The assistance — administrative, judicial, financial and military — now being given Ethiopia under wartime conditions must not be allowed to become the instrument for imposing a permanent state of subjection on the country. No one knows more than the Emperor how badly his country needs help of all sorts, especially financial, without which he cannot effect the many reforms long close to his heart. But this aid must be given without interfering with Ethiopia's self-respect or her juridical independence.

The position of the Ethiopian region, lying as it does along the short route to India, is one of vital importance to the British Empire. Britain will therefore wish to maintain her naval control over those waters. She is also unquestionably the paramount *land* Power in Northeast Africa. As the co-guardian of the Sudan and as the ally of Egypt, she has a vital interest in the régime of the Nile waters.[3] But the construction of dams and other works along the Blue Nile in western Ethiopia should not carry with it any "sphere of influence" or other political or economic advantages. The United States very clearly has an interest in protecting the "open door" in Ethiopia as elsewhere in Africa.

The present two-year agreement, it is hinted, may be followed by a treaty. Certain English observers have suggested that such a treaty might well embody an alliance similar to that between Britain and Egypt. A still better suggestion might be the formation of a tripartite treaty including Egypt. Such an arrangement would help stabilize Northeast Africa and facilitate the peaceful solution of the manifold political, economic and religious problems which arise from the proximity and mutual dependence of these three Powers.

There is every reason to believe that the British Government is fully alive to all these responsibilities, and intends to meet them with wisdom and generosity.

[3] See William L. Langer, "The Struggle for the Nile," FOREIGN AFFAIRS, January 1936.

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THE BRITISH WAR IN THE AIR

Third Phase

By J. M. Spaight

VIEWED in the perspective of history, the year 1941 will probably be judged to have reserved its most important event, vitally affecting the fortune of war by air, land and sea, until near its close.[1] That event was the entry of the United States into the conflict as a full belligerent. The *casus belli* was itself an act of air warfare — as treacherous an act, and as effective for the moment, as Germany's blow at Poland on September 1, 1939. Japan's sudden stroke from the air at the American naval and air forces at Pearl Harbor on December 7 was a crime. It was also a blunder. The losses inflicted, grievous as they were, were perhaps the lowest price necessary for bringing the vast American nation as a grimly determined unit into the struggle for freedom. The tremendous tidings from the west in the fateful days from December 7 to 11 were dimmed for British ears by the shattering reverberation of the sinking of the *Prince of Wales* and the *Repulse* on December 10 — again an epochal event of the war in the air. But it was not that disaster which even then mattered most. The far greater event was the crossing by the United States of the last interval between peace and war.

The year 1941 had already been notable in the annals of air warfare. The one before had had as its outstanding feature the defeat of the *Luftwaffe* by the Royal Air Force over and around Great Britain in the months of August and September. The next phase of the war in the air opened with another triumph. It was won far from the scene of the first, in the northeastern corner of Africa and over the eastern Mediterranean. There, in the period from November 1940 to February 1941, the British, South African, Australian and Rhodesian airmen practically drove the Italian airmen out of the sky. Never has any air force of an important Power been so roughly handled as was the *Regia Aeronautica*. Alike in personnel and matériel the British and Dominion Air Forces were definitely superior to the Italian, and this was the more remarkable because, so far as equipment went, it was the second string of the Royal Air Force that was entered for the con-

[1] *Editor's Note:* See "The War in the Air: First Phase" and "The War in the Air: Second Phase," by J. M. Spaight, Foreign Affairs, January 1940 and January 1941 respectively.

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test. The British fighter machines then in the Middle East were Gladiators, and though they were practically obsolescent they quickly mastered the Italian fighters, most of which were Fiat CR.42's, with some Macchi C.200's and Fiat G.50's. During the winter, Hurricane fighters were received, and at a later date Curtiss Tomahawks. Both proved even more clearly the masters of the Italian fighters than the Gladiators had been. The best British fighter, the Spitfire, was not used in the Middle East.

That was the first round in the contest for supremacy in the sky of North Africa. The second was fought when General Auchinleck's forces invaded Libya on November 18, 1941. By then the Italian air force had been stiffened by detachments of the *Luftwaffe*, and the British and Imperial airmen had a much stiffer time of it than they had had during General Wavell's invasion. There was hard fighting in the air, but the Tomahawks, Hurricanes and Beaufighters operating with the British troops soon showed that they had little to fear from the opposing Me.109 and Macchi C.200 and C.202 fighters; and the Curtiss Kittyhawks which came into action in the opening days of 1942 at once established their mastery also. "The Royal Air Force are definitely on top," the Cairo correspondent of *The Times* reported on December 6. The communiqués issued by British General Headquarters referred repeatedly during December to the powerful support given by the air to the ground forces. As the British columns advanced, tangible evidence of the effect of the bombing and machine-gun attacks was afforded in the shape of wrecked lorries and aircraft littering the route and the landing grounds. More than once the official reports referred to the devastation caused by the low-flying aircraft among the retreating Axis forces. In their operations the Imperial troops were also assisted materially by such raids as those of January 5 on Castel Vetrano aerodrome in Sicily, where some 44 German and Italian aircraft were destroyed and many others damaged by Blenheims in the afternoon and then by Wellingtons after nightfall.

The eclipse of the *Regia Aeronautica* at the beginning of 1941 was the more clearly displayed in the light of the better showing made by the *Luftwaffe* when it, too, appeared in the Mediterranean. The Germans gained a notable success on January 10, 1941. They sent their dive-bombers, recently arrived in Sicily, to attack a British convoy in the Sicilian Channel, with the result that the cruiser *Southampton* was so damaged that she had to be

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sunk by the other British warships. The aircraft carrier *Illustrious* only narrowly escaped a similar fate. Though crippled, she reached Malta, and there, as she lay in the Grand Harbor while makeshift repairs were being effected, she was repeatedly attacked by the German dive-bombers. She survived the onslaught and was able, after a few days, to make her way to Alexandria under her own power. Thence she was taken to the United States, where the major repairs that were necessary were carried out, and she was ready for service again in August 1941.

The German air force did not have matters all its own way. Of about 150 German aircraft based on Sicily at this time, nearly 90 were destroyed, some in the air, by British fighters, by the defenses of Malta and by naval gunfire, and some on the ground, by British bombing attack. Nevertheless, the continued presence of a German contingent made the part of the Mediterranean between Tunisia and Sicily unhealthy for British convoys. They were still able to pass through the Sicilian Channel, but only under powerful escort. The British fleet's own aircraft, on the other hand, enabled it a little later to bring off a brilliant stroke in the central Mediterranean.

This occurred towards the end of March 1941, when an Italian naval force was sighted to the east of Cape Passero in Sicily. It was pursued by British warships, but might have escaped — as Italian warships had done more than once before — if naval aircraft had not slowed up its speed by scoring direct hits with torpedoes upon the largest of the Italian vessels, a battleship of the *Littorio* class. Blenheim bombers of the Middle East Command of the RAF also obtained hits. Aircraft thus played an important part in the practical annihilation of the Italian formation which the British naval ships thereupon carried out.

Two months later, at the end of May, the Fleet Air Arm had a similar success. Aircraft from the carrier *Victorious* and *Ark Royal* scored hits with torpedoes upon the fleeing *Bismarck*, and the second of these attacks, delivered on the evening of May 26, had the effect of reducing the speed of the German battleship and allowed the heavy ships of the Royal Navy to bring her to battle and to sink her on the morning of May 27. The pursuit of the *Bismarck* furnished evidence also of the great value of long-range flying boats in the tracking and shadowing of elusive enemy warships. It was a Catalina, built in California by the Consolidated Aircraft Corporation, which found the *Bismarck* on the

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morning of May 26, and another Catalina which shadowed her when the first had to turn back to its base.

Meanwhile, the *Luftwaffe* had been accomplishing a remarkable feat of arms in the Mediterranean. This was the capture of Crete in the teeth of the British command of seas lying between the island and Greece. Already in Greece the German dive-bombers had inflicted serious losses both on the British aircraft at their bases at Larissa and elsewhere, and on the warships which evacuated the expeditionary force after the collapse of the Graeco-British resistance in Macedonia; two destroyers and four transports were sunk as the result of air action in the evacuation. They followed up these successes by simply blasting the British garrison off Crete. It was the concentrated attack from the air rather than the landing of air-borne troops that led to the capture of the island. The parachute troops played an unimportant part in the whole operation; and the landing of soldiers from troop-carrying aircraft which made crash-landings became possible only because the dive-bombers had already done their work.

It was a very notable achievement. One must not forget, however, that it was accomplished in circumstances in which air defense was almost non-existent. The arrangements for protecting the aerodrome at Maleme were far from satisfactory. An attempt was made to cope with the German bombers by flying Blenheim fighters and Hurricanes, equipped with extra fuel tanks, from Egypt. It was a makeshift arrangement and failed completely to save the situation. The British Navy lost three cruisers and six destroyers in connection with the defense and evacuation of Crete. All were victims of air attack.

How vastly different the position would have been if the air attack on the island could have been met by fighter aircraft operating from adequate local bases is shown by the successful defense of Malta against incessant attacks by both Italian and German bombers. "The brilliant defense of the island by the Hurricanes" was given place of honor in the message of congratulation which Sir Archibald Sinclair, Secretary of State for Air, sent to Air Vice-Marshal H. P. Lloyd, commanding the Royal Air Force there, on August 20, 1941. Mention was made in the same message of the fine work done by the Beaufighters in attacking enemy bases, by the Wellington bombers in their "steady and deadly slogging," by the (American) Marylands in their "daring and dexterous reconnaissances," by the Blenheims of the

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Royal Air Force and the Swordfishes of the Fleet Air Arm in their "tremendous onslaught" on Axis shipping. "You are draining the enemy's strength in the Mediterranean," the message said. Air Vice-Marshal Lloyd in his reply said that "the hunting is certainly good, and hounds are in excellent fettle."

The German raids on that other and more important island, Great Britain, had meanwhile diminished in volume. In the early part of the year the towns of South Wales, of Merseyside and of Clydeside were the chief sufferers, while London, too, had one or two unpleasant experiences. However, the combined casualties in January and February 1941 amounted only to about 5,350 civilians killed and seriously injured, as compared with a monthly average of 13,000 during the period September 1–December 31, 1940. In March there was a marked increase in the figures, which rose to nearly 10,000, largely as the result of two heavy raids on Clydeside on successive nights. Merseyside, Bristol, Hull, London and Plymouth also suffered. The battle of the Atlantic had started and the British ports were therefore a main objective. The toll of life and limb rose again in April, when the total amounted to about 13,000 — mostly in Bristol, Coventry, Birmingham, Belfast, London and Plymouth (raided on five nights). May opened with severe attacks on Merseyside and Clydeside. London had one of its heaviest raids on the tenth. The experience gained during the incendiary attack of the preceding December 29, when a considerable section of the City of London was burnt out, enabled the fire-fighters to cope more adequately with the attacks of April and May. The casualty list for May amounted to approximately 10,500.

June witnessed a substantial diminution in the weight of the onslaught, and the succeeding months saw a still further reduction. This was due mainly to the shifting of the chief theatre of air warfare from the west to the east. Germany was preparing for the treacherous blow which she struck at Russia on June 22. The improvement in the British defenses probably contributed, to a minor extent, to the slackening of the German attack. During May, 156 German bombers were destroyed at night, and it is fairly certain that many more, though not claimed as losses, never reached home. In April, which was the next best month, 87 had been destroyed. Thus the toll of the night-raiders for two months was nearly 250 aircraft. In one night (May 10–11) the number destroyed was 33, all but two of them by night-fighters. Two-seater

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twin-engined fighters had been brought into use for defense at night, and these, with the Hurricane single-seater single-engined fighters, soon proved their worth. One was the Defiant, which had first been employed as a day-fighter in the operations preceding the evacuation of Dunkirk at the end of May 1940, when it had destroyed 37 German aircraft on a single day. Its signal success on that occasion was due to the element of surprise; the German airmen had not expected to encounter a fighter whose armament could be swivelled on the beam. Its four-gun retractable turret was an innovation in fighter aircraft. Afterwards, the absence of a forward-firing gun made it a less formidable opponent for enemy pilots who had been warned of its limitations, and it was restricted mainly to night-fighting. The other and still more dangerous night-fighter was the Bristol-Beaufighter, which was a modification of the Beaufort, the torpedo-bomber used with great success against enemy shipping by the Coastal Command of the Royal Air Force. The Beaufighter has more powerful engines (Hercules) than the Beaufort (Taurus), and an extremely formidable armament, which consists of four 20 mm. shell-firing guns under the fuselage and six Browning machine guns in the wing.

Another twin-engined aircraft also proved a distinct acquisition to the RAF for defense at night. This was the American Douglas DB-7 medium bomber, which, as adapted for night-fighting, was renamed the Havoc. Its specialty is the "picketing" of enemy aerodromes at night. Its long endurance enables it to "sit over" the enemy bombers' base and to attack them when they try to land or take off. It secured many victims in this way in the spring of 1941 — certainly more than the Junkers 88, used by the Germans for a like purpose, obtained in England.

Both the night-fighter pilots and the anti-aircraft gunners were indebted to the operators of the radiolocators for a substantial part of their successes. Radiolocation is a means of ascertaining the presence and locality of aircraft by utilizing the reflection of electro-magnetic waves from solids (conductors or insulators) upon which the waves make impact; the great value of the new system is that it is not dependent on emission of waves from the body to be located. The waves go out from and return to the operator. The necessity still remains, of course, for the pilot or the gunner on the ground to be informed of the location of the object — the enemy aircraft — and then to hit it, and that is not easy in moonless and cloudy nights.

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Meanwhile the British counter-offensive had been proceeding and in June it took on a new intensity. Daylight raids, by Blenheim and Fortress bombers, were interspersed among the nightly attacks carried on by the Bomber Command. The daylight sorties were shared in by the fighters of the Royal Air Force, which accompanied the Blenheims in their raids upon objectives in the occupied countries across the English Channel and the southern waters of the North Sea, and also conducted independent sweeps over northern France and the Low Countries. The Blenheims usually carried out their raids at extremely low altitudes; in those directed against shipping at Rotterdam, for instance, on July 16 and August 28, the pilots flew at roof-top, or mast-top, level. The former of these two raids was particularly profitable. Seventeen ships, totalling nearly 100,000 tons, were sunk or put out of action for a long time, and five more, totalling 40,000 to 50,000 tons, were damaged. This was the return obtained for the cost of four Blenheims lost.

The inauguration of the daylight offensive did not slow up the tempo of the Bomber Command's other operational program — the attacking of Germany's industries and communications on every possible night. On the contrary, the night-raiding increased in intensity after the invasion of Russia, the object being to compel the German High Command to retain in the homeland fighters which might otherwise have been used in the east, as well as to interrupt the communications essential for the reïnforcement of the German armies in Russia. The bombers used were the Wellingtons, Hampdens and Whitleys. Hitherto these had been the instruments of the long-range offensive of the Royal Air Force; now, with their performance improved, they could carry both larger and more destructive loads, weight for weight, than in 1940. To these fine bombers, all twin-engined, there were added another twin-engined one, the Avro Manchester, and two four-engined bombers, the Short Stirling and the Handley Page Halifax. All these were employed in the raids of the summer and autumn of 1941. The damage which they were able to inflict upon their targets was immensely greater than that caused in the raids of the preceding year. This was the result not so much of the heavier weights carried as of the greater blasting power of the heavier bombs dropped. The effect, it was officially stated, was five times as devastating as that of the bombs of similar size previously dropped.

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The new and more powerful bombs were dropped for the first time on the night of March 31, 1941, at Emden. A pilot who had taken part in thirty raids stated next day that he had never seen such an explosion — it was like "a gigantic arc-welding flash, blinding white." A little later great devastation was caused by the new bombs in Hamburg and Mannheim. At Hamburg a blast damaged an area of 75,000 square yards, and industrial buildings covering a space of 20,000 square yards were completely demolished. At Mannheim one area of devastation covered four-and-a-half acres. The German propaganda service, apparently to reassure the populace, stated that the British had taken to dropping land-mines because they were short of bombs.

There was evidence in the summer that the Germans had strengthened very considerably the anti-aircraft defenses at all their important centres. Bomber crews reported a great increase in the numbers of searchlights and of guns. Night-fighters were also more active and numerous. On some nights the losses of British bombers were substantial. Weather conditions were responsible in part for the increased casualties in one or two instances, as, for example, on the night of June 27, when twelve aircraft were missing after a raid on Bremen and other towns in northwest Germany. The raids of the nights of August 12 and 14 cost the Bomber Command thirteen and twelve aircraft respectively, and that of the night of September 7 cost twenty aircraft, but these were all very heavy raids and the percentage of loss was never as high as that suffered by the *Luftwaffe* in some of its raids on Britain during May (more than ten percent on some nights). On the night of November 7 there were 37 British bombers missing after raids which embraced Berlin, Cologne and Mannheim. This serious loss was due mainly to the very bad weather which the raiders encountered on their homeward flight. Again the percentage of loss, though substantial, was not catastrophic.

The second German air fleet which, commanded by Field Marshal Kesselring, had been stationed in northern France, was transferred to the eastern theatre of war when Russia was invaded, and squadrons from Field Marshal Sperrle's third air fleet appear also to have been moved to the east. At any rate the offensive against Britain was reduced to almost negligible proportions during the remainder of the year. On some nights, though the weather was not such as to deter the raiders, none came at all, and on many others only one or two made a fleeting appearance.

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For that respite the people of Britain had to thank the gallant airmen of the Soviet Union. Before the German attack on Russia there had been a tendency to underrate, one might almost say to disparage, the value of the Red Air Force. Apparently that tendency was shared by the heads of the German Army and air service. Their assertion in the early days of the fighting in the east that Russian resistance in the air had already been shattered by the all-conquering *Luftwaffe* reflected, one may surmise, the Higher Command's initial conception of the Russian strength in the air rather than the stern actuality. In one week of war, it was claimed, 4,107 Soviet aircraft had been destroyed; in eight weeks that figure had risen to 11,250; and by the beginning of December, according to Hitler's speech to the Reichstag on December 11, 1941, to 17,323. This last figure could safely be halved to arrive at something near the truth. It is impossible, however, to give any close estimate of the real losses. The published figures, which were clearly exaggerated for the purpose of propaganda, included admittedly a large proportion of aircraft destroyed on the ground, and precise information on this point cannot have been available to the attackers. No doubt many were so disabled; the dive-bombers — the Junkers 87's on one side and the Stormoviks on the other — put a large number of machines out of action on the landing grounds and aerodromes. The Stormovik was one of the Soviet air force's surprises, and another was the M.I.G.3 fighter, which took a heavy toll of the *Luftwaffe*. The Hurricanes of the British Air Force contributed their quota also. The Russians probably lost the more heavily, since their opponents had the great advantage of initiative and surprise. They still had a formidable air force in being at the end of the year, however, and in some areas were superior to the Germans. There is no doubt that in 1941 the *Luftwaffe* received in the east a hammering at least as damaging as that to which it had been subjected in the west in 1940. The effect of it was to be discerned in Mr. Churchill's statement in London on November 10, 1941, that the British Air Force was now "at least equal in size and numbers, not to speak of quality, to the German air power."

The resistance put up by the Red Air Force was, indeed, an extraordinarily fine performance in the circumstances. It must have suffered severely in the first stage of the Blitzkrieg in the east; but it never cracked, and it came back at the assailant, resilient and full of offensive capacity. The effective defense of Mos-

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cow was proof that the Germans were far from having the complete ascendancy in the air which they claimed; if that claim had been true, the city would have been dealt with as mercilessly as were Warsaw, Rotterdam and Belgrade. In Russia, as in the west and in the Balkans, the *Luftwaffe* played a very important part in the successes achieved by the German mechanized forces, but it never dominated the air in the east, and at the end of the year Russia's air fleet was helping her armies roll the Germans back along almost all the immense battle front. It was not only shooting down German aircraft but destroying hundreds of tanks and thousands of lorries as well as other equipment on the ground.

As on land, so on sea the intensity of the German attempt to smash or starve Britain into surrender diminished to some extent during the summer. The battle of the Atlantic continued, but the rate of sinking of British and Allied shipping decreased, especially in July and August. While a variety of causes contributed to the improvement, including the patrolling by American naval forces of the waters between Greenland and Iceland, the recurrent visits of the Royal Air Force to certain bases of vital importance on the German plan of blockade had an undoubted effect upon the situation. At Brest lay two powerful warships, the *Gneisenau* and the *Scharnhorst*, and from the end of May a third, the *Prinz Eugen*. Had these vessels been free to operate they might well have turned the vital war upon maritime commerce in Germany's favor. They were prevented from doing so by the Royal Air Force. The repeated attacks from the air upon the berths which they occupied and the ships themselves, while not putting them completely out of action, rendered them unfit for service at the time when the battle of the Atlantic was at its height. When the *Scharnhorst* slipped out of Brest and took refuge at La Pallice, further south in the Bay of Biscay, she was attacked there by Stirling bombers on July 23, while the *Gneisenau* was attacked at Brest by Fortress bombers. The attacks were renewed on the same night and on the next day and had the effect of immobilizing the two warships for a further period. Other raids on the docks at Brest, where they and the *Prinz Eugen* were lying, were made at later periods. There were three within 36 hours on December 18–19, including a daylight raid by Stirling, Halifax and Manchester bombers, escorted by fighters. Another daylight raid was carried out on December 30 by Halifaxes, again escorted by fighters.

Raids on the bases used by the U-boats and on the yards in

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which they were constructed or repaired was a further contribution made by the Bomber Command to the defense of Britain's Atlantic life line. Meanwhile, that Command and the Coastal Command, and in the autumn the Fighter Command also, were waging war with great success upon Germany's shipping in the North Sea and the English Channel, while in the Mediterranean the bombers of the Royal Air Force of the Middle East Command and the torpedo carrying aircraft of the Fleet Air Arm were inflicting heavy losses upon Italian shipping and making the reinforcement and supply of the Axis forces in Libya increasingly difficult. The Beauforts of the Coastal Command and the Swordfishes of the Fleet Air Arm accomplished some particularly brilliant exploits with their torpedoes in the North Sea and the Mediterranean respectively.

The air warfare of 1941 was conducted, it is to be noted, with machines which were still of prewar design. The experience gained since the outbreak of hostilities was utilized to the extent that various improvements and modifications were embodied in existing types, but the need for rapid and large-scale construction precluded a breakaway to new lines from the models which had been in service at the beginning of the war. Both fighters and bombers were equipped with engines which had been "boosted up," and with more formidable armament, but they were substantially the old machines rejuvenated. It was only in 1941 that the change-over to the production of machines of wartime design was begun in the factories; and only in 1942 will the new models be seen in service in the squadrons. Even the Hawker Typhoon fighter, which is a type not yet available in quantity, was designed before the outbreak of war.

In the air fighting of 1940 the British Spitfire and Hurricane established their claim to be the two best fighter aircraft in action. The improved versions of both these fighters again showed in 1941 that they had the whip-hand of the (also improved) German fighters. The Heinkel 113, the diminutive fighter on which, it seems, German hopes of securing ascendancy in air combat had been placed, was apparently a disappointment. It was not encountered in numbers, and the German fighters seen in action were almost wholly Messerschmitt 109's and 110's. The Me.109F, the improved edition of the fighter so roughly handled by the pilots of the Fighter Command in 1940, differed from its predecessor mainly in having a higher ceiling and a greater rapidity

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of fire. Its armament was not, however, so formidable as that of the Spitfire Mark V and Hurricane Mark II, in which again the Royal Air Force could claim to possess the two best fighters in service. The shattering effect of the new Spitfire's cannons was to be seen in the frequent references in the British pilots' reports to enemy fighters blowing up or disintegrating in the air. The firepower of the new Hurricane has been found to be no less overwhelming; it has as alternative armament either four 20 mm. cannon or twelve machine guns, as compared with the two 20 mm. cannon and four machine guns in each of the new Spitfires. Hurricanes carrying two 250 pound bombs also came into use in the autumn of 1941.

In 1942 the weight and range of the British air offensive will be greatly increased and the losses sustained by both sides will be heavier than in the past. They will be made good, one can confidently predict, more easily by Britain than by Germany. The enormous production of the British and American factories (the latter had not in 1941 nearly approached the peak of their output), and the increasing flow of flying personnel trained under the Empire Air Training scheme, should together result by the autumn of 1942 in the assembly in Britain and the Middle East of an air strength so massive that Germany and Italy will not be able to muster an adequate defensive force against it. The first momentous American move in the struggle against totalitarian aggression — adoption of the Lend-Lease Act in March 1941 — has now been followed by the next logical step, the entry of the United States into the war as a full belligerent. With this the eventual defeat of the three Axis Powers becomes certain even though it may still be deferred. We know from President Roosevelt's own words that the change of the United States to full belligerency will not cause its aid to the Allies to flag. His message to Congress of January 6, 1942, announcing a program of production of 60,000 aircraft in 1942 and 125,000 in 1943, was in effect a further assurance to that end. Given the continuance of that aid, virtual command of the air in western Europe and in the eastern Mediterranean should have passed to Britain by the close of 1942. And in the Far East, the powerful air arm of the United States Navy, working in partnership with the British and Australian Air Forces, should have established an ascendancy over Japan's naval and military air arms.

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A FRONT IN NORWAY?

By Joachim Joesten

WHETHER or not the United Nations plan to strike this year at Hitler-occupied Europe — and, if so, when and where — is of course a closely guarded military secret. But there have been indications that possibly they plan to attack in the far north with a view to joining forces with Russia's Arctic defenders and so set the stage for a later thrust at what seems Germany's most vulnerable flank. Some have viewed the landing of American troops in Northern Ireland as one hint of such a move. Another hint, from the other side, might be the sudden appointment by the Nazis of Vidkun Quisling to the puppet-premiership of Norway. Again, the audacious dash of the German battleships from Brest to the North Sea suggests that Hitler required them for duty in Norwegian waters. Finally, the German press and radio, as spring approached, were giving wide publicity to alleged Allied plans to invade northern Norway. In any event, it is interesting to examine from the outside the problems which the United Nations would face in any such undertaking.

Norway is a weak spot in the iron ring which Hitler has forged around Europe. One need not be a military expert to understand how indefensible Norway is against sea-borne invasion. It is a country of less than three million souls. Yet if we count the shores of its innumerable fjords and islands we find that it has a coastline of some 12,000 miles — almost as long as that of the continental United States. The recent raids of British and Free Norwegian commandos showed clearly that many spots can be found on this long stretch of coast where invaders can land.

In surveying the chances of a successful invasion of Norway, we have to distinguish between the trunk of the country and its "tail." The trunk, *i.e.*, the southern and central regions up to the city of Trondheim, cannot easily be wrested from the Germans, who are entrenched in all the key places and who in consequence of their present mastery of the Skagerrak and Kattegat have no difficulty in bringing in necessary reinforcements and supplies. But Trondheim itself should figure strongly in any plan of invasion. The key strategic point in all Norway, it presents about equal difficulties for attacker and defender.

On the morning of April 9, 1940, the Germans forced the entrance to the harbor of Trondheim with comparatively weak naval forces and practically without losses. Of course, they were greatly aided by the Norwegian unpreparedness and by treachery within. Probably it was a blunder that the British, in turn, did not sacrifice a few ships and take Trondheim back. Instead they landed north and south of the city and tried to retake it through a two-pronged drive overland. The overwhelming German air power easily shattered the flimsy Allied footholds established at Andalsnes and Namsos, where big ships could not anchor and where anti-aircraft guns, tanks and other heavy equipment could not be brought into action.

Today the cost of taking Trondheim from the sea would be many times as heavy as it would have been two years ago. Not only have the Germans modernized and strengthened Fort Agdenes, at the narrow inlet to Trondheim Fjord, but they have turned the city itself into one of their principal naval

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bases. More than 4,000 workers, including between 2,000 and 3,000 Danes and several hundred Russian prisoners, have been busy there in recent months, building what is believed to be the greatest submarine shipyard and naval station in Northern Europe.

The nature and disposition of the defensive measures undertaken by the Nazis in Norway make clear that they regard the country as a composite, the upper part of which might have to be abandoned whereas the lower must be held at all costs. Across the country's wasp-like waist, somewhere between Trondheim and Namsos, they have built a strongly fortified defense line which is evidently designed to prevent an enemy force from pushing southward from Narvik or Bodö. It is called the "Falkenhorst Line." Concurrently with its completion last summer, the entire west coast of Norway from Trondheim southward was closed to tourists and non-residents. Since that time no one is permitted in the area without a special military pass and all radio sets there have been seized. In addition, new fortifications and bases, including a huge airfield at Lista, on the southern tip of Norway, have been built or are now under construction. It is also known that in recent months the Germans have installed a complex network of "warship alarm sirens" all along the coast. "Invasion rehearsals" are frequently held. Detailed instructions have been issued to local police chiefs and Quisling's "Hirdmen" as to what to do if an enemy force attempted to land.

If, at some future date, the United Nations felt able to undertake an invasion of Norway, we can visualize an operation that would give them military control of the "tail" and yet leave the trunk, for the time being at least, in German hands. Such an operation would more or less reëstablish the situation which existed in June 1940, just before the capitulation of North Norway. There are, however, at least three essential prerequisites for success:

(1) The landing, or landings, should be made under cover of sufficient air protection. The principal reason for the failure of the Allied expedition to Norway in 1940 was a decisive inferiority in air power. Today there is the advantage that the *Luftwaffe* has been decimated in Russia, and in addition it is spread out over a front many times wider than it had to cover in 1940.

(2) The expeditionary force must be accompanied by sufficient supplies. It must bring along, and continue to get from its home bases, practically everything it needs in the way of equipment, fuel, spare parts, repair facilities and food. Even in peacetimes the three provinces of northern Norway — Nordland, Troms and Finmark — were unable to live by their own resources. Little food is produced in these barren and rugged lands, and in the northernmost districts even drinking-water is at times scarce.

(3) Assurance would have to be obtained in advance that the Swedish Government will not again permit the Germans to bring troops and matériel into Norway through Swedish territory. Both Trondheim and Narvik are linked by rail with the Swedish trunk line Östersund-Gällivare. It is well known that in the last two years the Germans have made extensive use of these transit facilities for troop movements to and from Norway.

The success of an attempt by the United Nations to invade and hold north Norway will largely depend on their own ability to secure supplies and on their ability to prevent the enemy from securing them. Since the outbreak of the Russian war the Germans have progressively reduced their forces of

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occupation in Norway. A year ago they numbered some 350,000 men. There is reason to believe that at present no more than 100,000 Germans are left in the country, and the bulk of these are stationed south of the Falkenhorst Line.

If the Allies succeeded in establishing a beachhead somewhere on the thousand-miles-long "tail" of Norway they would enjoy certain topographic advantages. The salient feature of this whole territory is its lack of any but seaborne communications. There are no railroads except the iron ore line from Narvik into Sweden. Only a short bit of it lies in Norwegian territory. As regards roads, the position is very curious. There are a number of local networks, for example one in the extreme north around the Varanger Fjord, but they are not connected with one another. Some of the northernmost provinces have no road communications whatever either with the neighboring provinces of their own country or eastward with Sweden. A through road designed to connect all the principal coastal towns with the rest of the country has been under construction for several years. Last year, the Germans were frantically pushing it towards completion, but some vitally important sections, for instance that from Bodö north to Tromsö, are still unfinished.

Given Allied superiority in the air, or even equality, it should be possible to chop off the "tail" of Norway at a given point north of Namsos. The first task then would be, while maintaining a defensive position towards the south, to mop up the small German garrisons at Bodö, Narvik, Tromsö, Harstad, Vardö, Vadsö and Kirkenes. To ensure final success, however, Sweden either would have to defend its neutrality against German encroachment, or else the Allied forces would have to be strong enough to conduct a continuing offensive into and through Sweden and Finland.

If the operation were successful it would bring the United Nations enormous advantages. It would give them mastery of the Arctic Ocean, ridding the supply lines to Murmansk and Archangel from the present harassing attacks by German submarines and other craft operating from Varanger Fjord; and it would help the Russians to knock out Finland, unless the latter withdrew in time from the fray.

For more than eight months, now, a German-Finnish force, until recently under the command of Colonel-General Nikolaus von Falkenhorst, has been attempting in vain to capture Russia's great Arctic stronghold of Murmansk. After some initial successes last July, which carried General Eduard Dietl's veterans of the Narvik fighting perilously close to the great Soviet base, fighting bogged down on the barren tundra. Since December the Russians have been on the offensive in this as in other sectors of the eastern front; and on January 17 the Soviet paper *Izvestia* reported a "collapse" of the enemy front from Leningrad to the Arctic coast. "The approaches of Murmansk and Kandalaksha," it wrote, according to a United Press dispatch from London, "have become a gigantic graveyard for the German pirates and their Finn subordinates." The claim was made that the Finns alone had lost one-third of their army. Earlier reports from Moscow had put the number of Nazi planes shot down around Murmansk, since the beginning of the Arctic drive in July, at more than 200.

The Red Fleet of the Arctic, too, gave a very good account of itself. By the end of last year the Russians claimed to have sunk in the Arctic Ocean a total of 200,000 tons of German and Finnish shipping, including two destroyers,

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four submarines and 42 transports. The Arctic Fleet is the smallest of the four Soviet fleets. No major units are with it, but when the war broke out it included some 20 submarines and between 25 and 30 torpedo boats and destroyers. Its chief base is the strongly fortified harbor of Polyarnoe (formerly Aleksandrovsk) at the entrance of Kola Bay. Since August of last year various light British naval forces have been supporting the Red Fleet's operations in the Arctic. These units were credited, in a British Admiralty communiqué of last September 9, with having sunk the German cruiser *Bremse*, a destroyer and two other German vessels. These achievements, which have passed somewhat unnoticed among developments on other fronts, show that Allied sea operations in the Arctic can be carried on successfully.

To free Murmansk and the vital 900-miles-long railroad which connects it with Leningrad would be a real achievement. German and Finnish troops cut the railway at an early stage in the war and their grip has not yet been removed at all points. If this were done, Murmansk would again become, as it was during the First World War, a principal port of entry for Allied aid to Russia. But whereas it was hardly more than a fishing village a generation ago, Murmansk today is a large industrial and commercial center, with a population of nearly 200,000, and with greatly enlarged dock facilities. Another important new development since the last war is that in summer Murmansk now is also the terminus of the famous North-East Passage, or Great Northern Sea Route as the Russians call it, leading across the "top of the world" from the Bering Straits to the Barents Sea. For the past six or seven years, Russian ships — both merchantmen and warships — have plied fairly regularly along this all-Russian waterway where no enemy submarine would dare venture. The navigable season, of course, is short — July, August and September only. In certain years it may be extended, with icebreaker assistance, until mid-October. During these months, American freighters, laden with war materials, might edge their way from Alaska towards Archangel and Murmansk along the perilous seaway which Professor Otto Schmidt and his *Chelyuskin* pioneers made famous.

Another logical move would be a combined land, air and sea assault on Petsamo, Finland's ice-free harbor in the Arctic, now the chief Axis base of operations in that area. Even at the height of the German-Finnish drive towards Murmansk, the Russians remained firmly entrenched on the Rybachi Peninsula, which almost overlooks the approaches to the harbor of Petsamo. According to latest reports, the Soviet armies have made further progress toward the Finnish base, which, incidentally, they captured two years ago, but returned to Finland under the terms of the Moscow Peace Treaty.

In the fall of 1940 Nazi troops occupied northern Finland. On August 1, in the following summer, British air forces made a twin raid on Kirkenes and Petsamo. The Petsamo docks, which already had suffered enormous damage during the Finnish-Soviet war, were severely battered. But the British evidently had underestimated the strength of the defenses, which had been built up in the meantime by German engineers. They lost 16 airplanes. However, it is doubtful whether Petsamo could long withstand a persistent assault by both land and sea. Capture of this strategic port would open the road to the United Nations for a decisive thrust at Germany's northern flank.

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RECENT BOOKS ON INTERNATIONAL RELATIONS

By Robert Gale Woolbert

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General: Political, Military and Legal

FOUNTAINHEADS OF FREEDOM. By IRWIN EDMAN. New York: Reynal, 1941, 576 p. $3.75.

In this very superior book Professor Edman has managed to combine the objectivity of a sound scholar with the passion of a true lover of freedom gravely concerned for its survival in our world. In the first part of his book he reviews the historical development of the democratic idea since classical times; in the second part he presents the texts, in part or in full, of some forty of the great documents which mark the road which western man has followed in his quest for fuller freedom. Professor Herbert W. Schneider, a colleague of Mr. Edman at Columbia University, collaborated in the preparation of the volume.

THE WORLD'S IRON AGE. By WILLIAM HENRY CHAMBERLIN. New York: Macmillan, 1941, 402 p. $3.00.

Mr. Chamberlin is a leading American foreign correspondent, having spent most of the last two decades abroad as the representative of the *Christian Science Monitor*, first in Russia and then in France and the Far East. His previous books, particularly on Russia, were noted for their informativeness and their objectivity. In this latest work he has attempted to get a longer perspective on the history of our times, and the result is a masterpiece of pessimism over the fate of our liberal, civilized world. Perhaps Mr. Chamberlin's dark outlook is in part due to his long residence in countries where liberty is dead. In any case, his own people have now, by the irresistible impact of events, been compelled to abandon the policy of neutrality and appeasement which he advocated in these pages.

POLITICAL LIBERTY. By A. J. CARLYLE. New York: Oxford University Press, 1941, 220 p. $3.25.

A scholarly history emphasizing the continuity of the concept of political liberty since classical times.

ESCAPE FROM FREEDOM. By ERICH FROMM. New York: Farrar, 1941, 305 p. $2.50.

A psychologist explores the reasons why so many men and women are today ready to give up their liberties and take refuge in a totalitarian régime.

DEMOCRACY: THE THREATENED FOUNDATIONS. By REGINALD LENNARD. New York: Macmillan (Cambridge University Press), 1941, 121 p. $1.25.

A concise, readable appreciation of the fundamental ideals and objectives of Anglo-Saxon democratic traditions and processes, by a reader in economic history at Oxford.

DEMOCRACY MARCHES. By JULIAN HUXLEY. New York: Harper, 1941, 126 p. $1.50.

In this thought-provoking little book a prominent English scientist offers concrete suggestions, based on mankind's practical experience, as to how democratic ideals can be translated into social, economic and political realities.

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OUT OF THE PEOPLE. By J. B. Priestley. New York: Harper, 1941, 160 p. $1.50.

An English novelist, who has of late acquired additional fame as a radio broadcaster, has some clear-sighted things to say about the objectives and the state of mind that must govern democratic ways if they are to survive.

THE MORALE OF DEMOCRACY. By Hon. Jerry Voorhis. New York: Greystone, 1941, 93 p. $1.00.

Addresses by one of the leaders of the progressive bloc in the United States House of Representatives.

THE HOPE OF A NEW WORLD. By William Temple. New York: Macmillan, 1941, 124 p. $1.35.

Six radio talks and sermons by the Archbishop of York.

THE CASE AGAINST PACIFISM. By John Lewis. New York: Norton, 1941, 238 p. $1.50.

A recapitulation of the pacifist stand and a reasoned reply to it.

THE ATLANTIC SYSTEM. By Forrest Davis. New York: Reynal, 1941, 363 p. $3.00.

In this sound and timely book an American journalist traces the growth of the Anglo-American entente for the control of the seas, particularly the Atlantic Ocean, during the last half century, and analyzes the reasons for it.

TWO-WAY PASSAGE. By Louis Adamic. New York: Harper, 1941, 328 p. $2.50.

Mr. Adamic, author of "The Native's Return" and other works, believes that what Europe needs is an infusion of democratic blood and ideals from the United States. Just how this is to be done is, however, another matter.

FEDERAL UNION IN PRACTICE. By H. R. G. Greaves. New York: Norton, 1940, 135 p. $1.50.

In this useful little book a British political scientist seeks to analyze the experience which has already been acquired in the field of federal government by such countries as the United States, Switzerland, the British Dominions, Germany, etc.

INTERNATIONAL FEDERATION OF DEMOCRACIES (PROPOSED). Compiled by Julia E. Johnsen. New York: H. W. Wilson, 1941, 263 p. $1.25.

A collection of opinions expressed by various authorities and commentators.

TOTAL ESPIONAGE. By Curt Riess. New York: Putnam, 1941, 318 p. $2.75.

A circumstantial description of the origins, organization and astounding success of Hitler's secret service. The author makes it abundantly clear that one of the principal elements in that success has been the complacency and ineptness of the democratic governments.

ATROCITY PROPAGANDA, 1914–1919. By James Morgan Read. New Haven: Yale University Press, 1941, 319 p. $3.50.

A painstaking, scholarly examination into the atrocity stories current during the last war, a reconstruction of the methods by which they were originated and circulated, and an evaluation of their effect on the course of events.

RADIO'S LISTENING GROUPS. By Frank Ernest Hill and W. E. Williams. New York: Columbia University Press, 1941, 270 p. $2.75.

Studies in adult education in the United States and Britain.

CIVIL DEFENSE. By C. W. Glover. Brooklyn: Chemical Publishing Co., 1941, 794 p. $16.50.

"A practical manual presenting with working drawings the methods required for adequate protection against aerial attack," prepared by a British engineer and based on British experience. The most complete and up-to-date book of its kind.

AEROSPHERE — 1941. Edited by Glenn D. Angle. New York: Aircraft Publications, 1941, 947 p. $10.00.

This is the second annual edition of a first-rate compendium of aviation information.

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DOUHET AND AERIAL WARFARE. By Louis A. Sigaud. New York: Putnam, 1941, 134 p. $1.75.

Giulio Douhet, a general in the Italian Army who died in 1930, is generally credited with having formulated the strategy and tactics of the all-out aerial attack that the Germans have been using with such success. In this little book a former American intelligence officer explains Douhet's teachings and traces their influence on modern warfare.

MODERN PUBLICITY IN WAR. Edited by F. A. Mercer and Grace Lovat Fraser. New York: Studio, 1941, 128 p. $4.50.

Examples of wartime advertising propaganda, official and unofficial, American and European.

THE FOUNDATIONS AND THE FUTURE OF INTERNATIONAL LAW. By P. H. Winfield. New York: Macmillan (Cambridge University Press), 1941, 125 p. $1.25.

A good summary, written primarily for the layman, on the present state of international law, with a concluding chapter on its future. The author is professor of law at Cambridge University.

UNSER KAMPF ZUR SEE. Munich: Bruckmann, 1940, 230 p. M. 5.50.

A somewhat miscellaneous but comprehensive treatise on strategy, economic warfare, blockade, etc., to which various German naval writers contribute.

VERBOT DER ANNEXION DEUTSCHER KOLONIEN DURCH IHRE MANDATÄRE. By Helmut Fenzl. Königsberg: Gräfe und Unzer, 1940, 116 p. M. 3.50.

An attack on the legality of the origin and operation of the mandate system.

General: Economic and Social

THE CRISIS OF OUR AGE. By Pitirim A. Sorokin. New York: Dutton, 1941, 338 p. $3.50.

Approaching the problem of our troubled age from the point of view of a sociologist, Professor Sorokin, of Harvard, believes that mankind is headed for a more enlightened and pacific era. His book will thus bring comfort to those who are unwilling to accept the pessimism of Mr. Chamberlin in his "The World's Iron Age."

WORLD RESOURCES AND PEACE. Berkeley: University of California Press, 1941, 151 p. $1.00.

Lectures concerning the relation of economics to international politics, delivered at Berkeley in 1939 by six members of the University of California faculty.

THE NEW ECONOMIC WARFARE. By Antonín Basch. New York: Columbia University Press, 1941, 190 p. $1.75.

A concise résumé of the economic war waged by Germany as a prelude to military operations, and a description of the counter-measures somewhat belatedly adopted by the democratic Powers. The author is a Czech economist now teaching at Brown University.

ECONOMIA E GUERRA. By Alberto Pirelli. Milan: Istituto per gli Studi di Politica Internazionale, 1940, 345 p. L. 22.

Essays, with relevant documentation, by a leading Italian economist.

MINERALNYE SYRYE I VOINA. By A. Shpirt. Moscow: Izdatelstvo Politicheskoy Literatury, 1941, 278 p. 90 cents.

An analysis of the problem of supplying mineral raw materials during the First and Second World Wars.

THE TAXATION OF WAR WEALTH. By J. R. Hicks and Others. New York: Oxford University Press, 1941, 304 p. $3.50.

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A comprehensive treatise on the excess profits taxes and capital levies in various countries.

UNUSED RESOURCES AND ECONOMIC WASTE. By David Rockefeller. Chicago: University of Chicago Press, 1941, 260 p. $2.00.

A somewhat technical and theoretical study of an important economic, social and military problem.

WAR AND CRIME. By Hermann Mannheim. London: Watts, 1941, 208 p. 10/6.

A scientific study, with special emphasis on the lessons of the First World War, by a lecturer on criminology in the University of London.

NOW WE MUST CHOOSE. By Henry Nelson Wieman. New York: Macmillan, 1941, 245 p. $2.00.

A religious approach to the problem of preserving democracy.

THE CATHOLIC CHURCH AND INTERNATIONAL ORDER. By A. C. F. Beales. New York: Penguin, 1941, 192 p. 25 cents.

A Catholic historian interprets the Church's teachings and policies.

A CHRISTIAN IMPERATIVE. By Roswell P. Barnes. New York: Friendship Press, 1941, 196 p. 60 cents.

An associate general secretary of the Federal Council of Churches philosophizes on the place of Christianity in the world today.

The Second World War

MISSION TO MOSCOW. By Joseph E. Davies. New York: Simon and Schuster, 1941, 659 p. $3.00.

Mr. Davies became United States Ambassador to Soviet Russia late in 1936 and served in Moscow during a fateful period in Soviet history. A lawyer and business man, projected suddenly into the maelstrom of international power politics, Mr. Davies shows himself in these highly illuminating memoirs to have been a cannier judge of men and events than many a professional diplomat. He took his job seriously, travelled about the country extensively, and talked with all conditions of men from Stalin down to the lowly mujik. The result — pieced together from his reports to the State Department, from his diary and from personal letters — is one of the best informed books to appear in recent years on Soviet Russia.

IS TOMORROW HITLER'S? By H. R. Knickerbocker. New York: Reynal, 1941, 382 p. $2.50.

Mr. Knickerbocker is a widely known and widely read journalist. This book is not, however, the usual travelogue of a returning foreign correspondent. Instead, the author has chosen some 200 of the more insistently significant questions put to him during an extensive lecture tour and has tried to give concrete and realistic answers. The result is not as disjointed as one might expect, for the questions are arranged in a roughly logical sequence under the general headings of Germany, Russia, England, War Aims, France, the United States, and Fifth Columnists. In the latter category he places Lindbergh and other "isolationist" leaders, on whom he is very severe.

WHY ANOTHER WORLD WAR? By George Gilbert Armstrong. New York: Macmillan, 1941, 224 p. $2.75.

Chapter and verse cited — and pointed up — to show "how we missed collective security." Mr. Armstrong holds that the moral of his depressing story is that real peace can come only through collective security under some sort of federation.

THE BALANCE SHEET OF THE FUTURE. By the Rt. Hon. Ernest Bevin. New York: McBride, 1941, 303 p. $2.75.

The British Labor leader, now one of the strong men in the War Cabinet, sets forth his ideas on what the peace should bring: world economic unity in which trade union-

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ism is the amalgam, and a European commonwealth of nations as a unit in a world union where national sovereignty has atrophied. Mr. Bevin also tells something of the manner in which British labor has put its shoulder to the wheel of Britain's war effort.

A DIARY OF WORLD AFFAIRS. By Marcel Hoden. New York: Penguin, 1941, 128 p. 25 cents.

A running account of, and commentary on, the course of world power politics between the fall of France in June 1940 and the attack on Jugoslavia in April 1941. The author was a French official, connected with the League of Nations from 1921 to 1938.

THIS WAR. By Philip Dorf. New York: Oxford Book Company, 1941, 124 p. 75 cents.

A rapid-fire résumé of politics and strategy through the summer of 1941.

THE WAR: SECOND YEAR. By Edgar McInnis. New York: Oxford University Press, 1941, 318 p. $2.00.

An intelligent chronology and commentary covering the period from September 1940 to September 1941. This is the second volume in what presumably will be a continuing series, by a professor of history at the University of Toronto.

ARMIES ON WHEELS. By S. L. A. Marshall. New York: Morrow, 1941, 251 p. $2.50.

An examination of mechanized warfare, particularly as it was practised in the 1941 campaigns in the Balkans, Greece, Libya and Russia. Mr. Marshall is interested not only in field tactics but in the organization behind the front which produces and keeps the machines going.

FROM DUNKIRK TO BENGHAZI. By Strategicus. London: Faber, 1941, 298 p. 10/6.

One of the better books recounting and analyzing the military operations of the war, in this case from May 1940 to February 1941.

ECONOMIC CONSEQUENCES OF THE SECOND WORLD WAR. By Lewis L. Lorwin. New York: Random, 1941, 510 p. $3.00.

The first two parts of this book present a lucid, if conventional, contrast of the Nazi and democratic systems in terms of ideology, politics and economics. Part three outlines the consequences of a Nazi victory and part four explores the less predictable outcome of a democratic victory. After reviewing some current proposals for postwar political and economic organization, the author presents his own plan, "A World New Deal," in part five. This plan calls for increased governmental direction of economic processes. In spite of its title, the book deals at considerable length with general political and economic issues and with wartime developments.

OIL AND THE WAR. By E. M. Friedwald. London: Heinemann, 1941, 88 p. 3/6.

A concise, well-informed little book.

DER DRITTE WIRTSCHAFTSKRIEG. By Wilhelm G. Grewe. Berlin: Junker und Dünnhaupt, 1940, 92 p. M. 2.40.

A Nazi account of how Britain's blockade affects Germany.

ECONOMIC WARFARE, 1939–1940. By Paul Einzig. New York: Macmillan, 1941, 150 p. $1.75.

A revision of the author's "Economics of the Next War."

BERLIN EMBASSY. By William Russell. New York: Dutton, 1941, 307 p. $2.50.

Interesting sidelights on how the average German is reacting to the war, by a young American who served for a time as clerk in the United States Consulate at Berlin.

NORWAY: NEUTRAL AND INVADED. By Halvdan Koht. New York: Macmillan, 1941, 253 p. $2.50.

A remarkably calm and dispassionate, though nonetheless moving, recital of the events preceding, during and after the Nazi invasion of Norway, by the then Foreign Minister of that country. This volume is a real contribution to the history of our time.

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UNSER KAMPF IN NORWEGEN. By H. H. Ambrosius and Others. Munich: Bruckmann, 1940, 224 p. M. 5.50.

An illustrated account of the German invasion of Norway, with chronology and the texts of official documents.

I WAS ONE OF THEM. By Zygmunt Litynski. London: Cape, 1941, 272 p. 10/6.

The author is a Polish journalist who enlisted in the Polish Army in France, fought at Narvik and, after his return to France, succeeded in making his circuitous way to England. Discounting the author's occasional indulgence in excessive recriminations over past mistakes, his book contributes first-rate eye-witness evidence concerning many of the Allies' shortcomings that led to the collapse of France.

DER DURCHBRUCH IM WESTEN. By Erich Murawski. Oldenburg: Stalling, 1940, 343 p. M. 4.80.

A chronology of the campaign against Holland, Belgium and France.

THE DEVIL IN FRANCE: MY ENCOUNTER WITH HIM IN THE SUMMER OF 1940. By Lion Feuchtwanger. New York: Viking, 1941, 265 p. $2.75.

The devil whom the author encountered was the French bureaucratic machine of which he became a victim when he was herded off to an internment camp along with many other "enemy aliens" at the time of the Blitzkrieg against France. Like other accounts of similar experiences, Mr. Feuchtwanger's story is a well-nigh incredible tale of official stupidity and callousness.

FLIGHT TO VICTORY. By Ronald Walker. New York: Penguin, 1941, 127 p. 25 cents.

An illustrated chronicle of the R.A.F.'s first year at war.

FIGHTER PILOT. By Squadron Leader Paul Richey. New York: Scribner, 1941, 178 p. $2.00.

A vivid personal account, based largely on the author's diary, of the epic part played by the R.A.F. in the Blitzkrieg against France.

THE BATTLE OF BRITAIN, 1940. By J. M. Spaight. London: Bles, 1941, 231 p. 10/6.

A very readable account of the Nazi air attack on Britain during the summer of 1940 and of the counter-attack on Germany by the R.A.F. The author was formerly a high official in the Air Ministry and is one of Britain's leading aviation experts.

R.A.F. By Keith Ayling. New York: Holt, 1941, 332 p. $2.50.

The story of a British fighter pilot told in the first person.

THE WOMEN OF ENGLAND. By Margaret Biddle. Boston: Houghton, 1941, 99 p. $1.75.

And how they are helping to win the war.

CIVILIANS MUST FIGHT. By Raymond Daniell. Garden City: Doubleday, 1941, 322 p. $2.50.

A discerning panorama of the British people at war as viewed by the unexcitable chief of the London bureau of the *New York Times*.

COME THE THREE CORNERS. By Sir Harry Brittain. New York: Hutchinson, 1940, 222 p. $2.75.

An illustrated account of the contributions in various fields being made toward the British war effort by the Dominions and the Empire.

DAS DEUTSCHE GENERALGOUVERNEMENT POLEN. Edited by Max Freiherr du Prel. Berlin: Eher, 1940, 344 p. M. 4.50.

A survey of Nazi-ruled Poland.

FREE YUGOSLAVIA CALLING. By Svetislav-Sveta Petrovitch. New York: Greystone, 1941, 356 p. $3.00.

Dr. Petrovich is a Jugoslav journalist who broadcasts to his people from the United

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States. In this book he recounts the story of the fall of France, Czechoslovakia, Poland and Jugoslavia, concluding with a section voicing his optimism as to the ultimate triumph of freedom.

SOVIET ECONOMY AND THE WAR. By Maurice Dobb. London: Routledge, 1941, 88 p. 3/.

A brief, factual survey, useful as a background for an understanding of Russia's performance during the war.

The United States

THE PUBLIC PAPERS AND ADDRESSES OF FRANKLIN D. ROOSEVELT. New York: Macmillan, 1941, 4 v. $30.00.

This is the second series of volumes containing selected messages, press conferences, notes, addresses, letters, proclamations, official statements, etc. They were compiled and edited by Samuel I. Rosenman, counsel to Mr. Roosevelt when he was Governor of New York. The emphasis in each volume is indicated by the titles: 1937: "The Constitution Prevails." 1938: "The Continuing Struggle for Liberalism." 1939: "War — and Neutrality." 1940: "War — and Aid to Democracies."

AMERICA'S FIRST CRUSADE. By Herbert Hoover. New York: Scribner, 1942, 81 p. $1.25.

The material in this little volume, dealing with Mr. Hoover's rôle at the Paris Peace Conference, first appeared in the *Saturday Evening Post*. Mr. Hoover's original intention had been not to publish it during his lifetime, but the deepening crisis caused him to change his mind last year. Some will doubt whether the decision was opportune, and historians may question whether Mr. Hoover has contributed much that is original to the history of the peace conference or whether his judgments, expressed then in the various letters and memoranda reproduced here, have been justified by the lapse of time.

DIVIDED THEY FALL. By Richard B. Scandrett, Jr. New York: Harper, 1941, 76 p. $1.00.

Though written before the entry of the United States into the war and intended primarily as a counteragent to the unrealism of the isolationists, this little tract is still pertinent to the main issue — what is to be America's world rôle in the future?

ON ALL FRONTS. By Ralph Barton Perry. New York: Vanguard, 1941, 189 p. $1.75.

A professor of philosophy at Harvard explains lucidly and tolerantly why we are fighting and what we lose if we are defeated.

THE GROUND WE STAND ON. By John Dos Passos. New York: Harcourt, 1941, 420 p. $3.50.

A restatement, in the author's own rather unconventional terms, of the American creed of liberalism and self-government. This book must be regarded as primarily a political tract.

A TIME TO SPEAK. By Archibald MacLeish. Boston: Houghton, 1941, 210 p. $2.75.

Twenty-six selections from the prose works — on literature, the drama, politics, etc. — of a leading American poet, now Librarian of Congress.

THE UNITED STATES AS A FACTOR IN WORLD HISTORY. By Theodore Clarke Smith. New York: Holt, 1941, 142 p. $1.00.

A handy summary of American expansionism, by a professor emeritus of history in Williams College.

DOCUMENTS ON AMERICAN FOREIGN RELATIONS. VOLUME III. JULY 1940 — JUNE 1941. Edited by S. Shepard Jones and Denys P. Myers. Boston: World Peace Foundation, 1941, 805 p. $3.75.

The latest volume in an increasingly valuable series.

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THE GREAT DEMOBILIZATION. By Frederic Logan Paxson. Madison: University of Wisconsin Press, 1941, 206 p. $3.00.

Essays on several aspects of American history.

AMERICA PREPARES FOR TOMORROW. By William Dow Boutwell and Others. New York: Harper, 1941, 612 p. $3.50.

A detailed description of the American defense effort — federal and local, governmental and private — by six experts. There is an appendix of documents and a bibliography.

THE ECONOMICS OF AMERICAN DEFENSE. By Seymour E. Harris. New York: Norton, 1941, 350 p. $3.50.

A sound, well-informed survey — one of the very best in the field of war economy. One might have wished perhaps that the author, associate professor of economics at Harvard, had not foreborne to enter the field of politics with which, after all, *Wehrwirtschaft* is indissolubly linked.

BUSINESS AS USUAL. By I. F. Stone. New York: Modern Age Books, 1941, 275 p. $2.00.

The author, an American newspaperman who is now Washington correspondent of *The Nation*, reports rather critically on the first year of the American defense effort.

WASHINGTON WALTZ: DIPLOMATIC PEOPLE AND POLICIES. By Helen Lombard. New York: Knopf, 1941, 271 p. $2.50.

Breezy, irreverent gossip about the great and the near-great in the diplomatic world at Washington.

THE RED DECADE. By Eugene Lyons. Indianapolis: Bobbs-Merrill, 1941, 423 p. $3.00.

Mr. Lyons, disillusioned radical, has here collected an avalanche of data showing how during the thirties numberless American liberals, humanitarians and intellectuals were hoodwinked by Soviet propaganda into becoming Communist fellow travellers. He offers elaborate documentation and provides extensive quotations. In spite of his fundamentally sound approach to his subject, Lyons occasionally lets his anti-Stalinist zeal get the better of his critical judgment.

FLYING FLEETS. By S. Paul Johnston. New York: Duell, 1941, 188 p. $3.00.

A profusely illustrated history of American naval aviation.

I AM AN AMERICAN. Edited by Robert Spiers Benjamin. New York: Alliance, 1941, 176 p. $1.50.

Personal statements by twenty-six prominent men and women, Europeans by birth, Americans by choice.

CHRISTIAN ROOTS OF DEMOCRACY IN AMERICA. By Arthur E. Holt. New York: Friendship Press, 1941, 187 p. $1.00.

Essays on the relation between religion and the state of society and of government in the United States.

REFLETS D'AMÉRIQUE. By Edouard Montpetit. Montreal: Valiquette, 1941, 253 p. $1.00.

Essays on the influence Canada and the United States have had on each other, especially in the cultural field.

ESKIMOLAND SPEAKS. By William B. Van Valin. Caldwell (Idaho): Caxton Printers, 1941, 242 p. $3.50.

An illuminating account of life in Arctic Alaska.

AMERICAN POLYNESIA: CORAL ISLANDS OF THE CENTRAL PACIFIC. By Edwin H. Bryan, Jr. Honolulu: Tongg Publishing Company, 1941, 208 p. $1.50.

A description of some forty-five of the more important islands in the Central Pacific, by a curator at the Bishop Museum in Honolulu. There is a map of each island, several

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illustrations, and an extensive bibliography. Recent events have given this unique book an extraordinary timeliness.

TROPIC LANDFALL: THE PORT OF HONOLULU. By Clifford Gessler. New York: Doubleday, 1942, 331 p. $3.50.

This is an impressionistic picture of Hawaiian life and history, painted with broad strokes on a large canvas. Since the book forms part of a series on seaports, the emphasis is naturally on things nautical rather than economic, social or political.

Western Europe

EUROPE, 1914–1939. By E. Lipson. New York: Macmillan (London: Black), 1940, 494 p. $3.50.

A competent historical précis arranged by countries, intended as a sequel to the author's "Europe in the Nineteenth Century."

SOME HISTORIANS OF MODERN EUROPE. Edited by Bernadotte E. Schmitt. Chicago: University of Chicago Press, 1942, 542 p. $5.00.

Everyone interested in the history of ideas will welcome this scholarly series of biographical and critical essays on twenty-two of Europe's leading historians during the last half century.

EUROPA UND DIE ACHSE. By Carl Düssel. Essen: Essener Verlagsanstalt, 1940, 125 p. M. 2.80.

A hostile analysis of Britain's rôle on the Continent.

CÓMO SE ORGANIZAN LAS GUERRAS. By Duque de la Victoria. Madrid: Suárez, 1940, 215 p. Ptas. 5.

An interesting specimen of the anti-democratic mentality of the old Spanish Conservatives who see the Masons and the Jews behind every liberal movement.

DIE SCHICKSALSSTUNDE DES WESTENS. By Ludwig Reichhold. Hamburg: Hanseatische Verlagsanstalt, 1940, 374 p. M. 7.50.

The principal thesis of this historico-political study is that an end must be put to the differentiation of European nations into the two categories of "continental" and "colonial" powers.

CHARLES DE GAULLE. By Philippe Barrès. Garden City: Doubleday, 1941, 260 p. $2.00.

A friendly account of the man's career and a description of his movement. There are also thumbnail sketches of some of the other Free French leaders. A valuable book in view of the lack of material on the subject.

DIE FREMDHERRSCHAFT IN EUPEN-MALMEDY. By Peter Dehottay. Cologne: Westdeutscher Beobachter, 1940, 101 p. M. 2.

An historical account, garnished with "documents," of Belgian rule in the areas annexed from Germany in 1919, written by a champion of "Germandom."

THE CONSERVATIVE REVOLUTION. By Hermann Rauschning. New York: Putnam, 1941, 280 p. $2.75.

In this volume, more personal in tone and content than Dr. Rauschning's previous works, he explains how he came to be a Nazi in the early days of the movement and what were the steps leading to his disillusionment. He concludes with an exposition of his ideas about the new Germany to rise after this war.

THE GERMANS: DOUBLE HISTORY OF A NATION. By Emil Ludwig. Boston: Little, Brown, 1941, 509 p. $4.00.

A not particularly novel or well-constructed attempt to reiterate the old thesis that there exists a fatal duality between "power and spirit" in the German people as demonstrated by their history.

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THE GERMAN DELEGATION AT THE PARIS PEACE CONFERENCE. By Alma Luckau. New York: Columbia University Press, 1941, 522 p. $5.00.

A history of Germany's participation in the peacemaking of 1919 of which about four-fifths consists of relevant documents.

WAR AND THE GERMAN MIND. By Wm. K. Pfeiler. New York: Columbia University Press, 1941, 349 p. $3.25.

The author of this illuminating volume has carefully examined the principal novels published in Germany about the First World War. His conclusions are not comforting to those who have pictured Weimar Germany as convinced of the futility of war as a means for creating the Greater Germany they all wanted.

OSTPREUSSEN UNTER FREMDEN FLAGGEN. By Wilhelm Freiherr von Gayl. Königsberg: Gräfe und Unzer, 1940, 323 p.

The author was the German Commissioner in Allenstein at the time of the plebiscite in 1920. In these memoirs he describes, from the German point of view, how the plebiscite was organized and carried out.

SEECKT: AUS SEINEM LEBEN, 1918–1936. By Friedrich von Rabenau. Leipzig: von Hase und Koehler, 1940, 751 p. M. 13.50.

An authorized biography based on the papers of the man who prepared the way for the revival of German military might after the First World War.

EDUCATION FOR DEATH. By Gregor Ziemer. New York: Oxford University Press, 1941, 208 p. $2.00.

A terrifying but authentic picture of the Nazified form of "education" which is turning out a generation of Germans unfit for life in the civilized world as we know it.

BY ORDER OF THE GESTAPO. By Peter Wallner. London: Murray, 1941, 279 p. 7/6.

Personal experiences illustrating the amenities of life in the Dachau and Buchenwald concentration camps.

"GOD IS MY FUEHRER." By Martin Niemöller. New York: Philosophical Library, 1941, 294 p. $2.75.

The texts of the last twenty-eight sermons delivered by the noted Lutheran pastor before being sent to a Nazi concentration camp.

THE GERMAN MENTALITY. By Verrina. London: Allen and Unwin, 1941, 257 p. 10/6.

A record of what has happened to the German intellect and culture under the Nazis, and what effect the moral and mental degeneration of the country has had on its institutions and its economic and political behavior.

HISTORY IN MY TIME. By Otto Strasser. London: Cape, 1941, 262 p. 10/6.

In the last year and a half two books have appeared about Strasser, an early collaborator of Hitler's who later deviated leftward and fled from Germany. One was called "Hitler and I," by Strasser himself, the other, "Nemesis? The Story of Otto Strasser," by Douglas Reed. The present volume is devoted largely to Strasser's account of events in Germany from 1914 to Hitler's rise to power in 1933 and is interesting only where he can add personal testimony to events which by now are quite well-known.

THE STRUCTURE OF THE NAZI ECONOMY. By Maxine Y. Sweezy. Cambridge: Harvard University Press, 1941, 255 p. $3.00.

A comprehensive, factual survey, published as one of the "Harvard Studies in Monopoly and Competition." The author is instructor in economics at Vassar College.

NORVEGIYA. By A. Dobrov. Moscow: Sotsekgiz, 1941, 136 p. 40 cents.

A popular account of the recent history of Norway.

THE HEART OF EUROPE. By Denis de Rougemont and Charlotte Muret. New York: Duell, 1941, 274 p. $2.50.

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How Swiss democracy and liberty function, and how Swiss experience may serve as a useful guide to international federation on a large scale.

ESPAÑA: GEOPOLÍTICA DEL ESTADO Y DEL IMPERIO. By Jaime Vicens Vives. Barcelona: Ediciones Yunque, 1940, 215 p. Ptas. 15.

An interesting adaptation of German geopolitical ideas and methods of interpretation to the history of Spain and her former empire.

LA PERSONALIDAD INTERNACIONAL DE ESPAÑA. By Carlos Ibáñez de Ibero. San Sebastian: Editorial Española, 1940, 304 p. Ptas. 7.

Political and historical essays on such questions as Gibraltar, Spanish foreign policy before the First World War, the Mediterranean problem, by a distinguished Spanish writer and educator, the Marqués of Mulhacén.

LA GRAN TRAGEDIA DE ESPAÑA, 1931–1939. By Carlos de Albert Despujol. Madrid: Sánchez, 1940, 205 p. Ptas. 7.

A popular résumé of a decade of Spanish history by a Nationalist writer less given to invective than most of those who have written on this tragic era.

OPERACIONES MILITARES DE LA GUERRA DE ESPAÑA, 1936–1939. By Luis Maria de Lojendio. Barcelona: Montaner y Simón, 1940, 636 p. Ptas. 60.

This important book is a circumstantial, detailed account of the Civil War from the Nationalist point of view. Numerous maps and photographs illustrate the text.

A B C POLÍTICO DE LA NUEVA ESPAÑA. By Francisco Moret Messerli. Barcelona: Salvat, 1940, 254 p. Ptas. 5.

A pocket encyclopedia of political "information" and doctrine for the Spanish Falange.

PORTUGAL CORPORATIVO. By J. L. Diéz Guitiérrez O'Neil. Burgos: Aldecoa, 1940, 248 p. Ptas. 7.

Salazar's *Estado Novo* as seen from Spain.

Eastern Europe

THE KREMLIN AND THE PEOPLE. By Walter Duranty. New York: Reynal, 1941, 222 p. $2.00.

Mr. Duranty has long been one of the best-known reporters of the Soviet scene, though his dispatches and books have often aroused considerable controversy since he "writes as he pleases." This little volume is no exception. Mr. Duranty's interpretation of recent Russian events, especially the Moscow trials and the purges, is open to question on various scores.

HOW THE SOVIET STATE IS RUN. By Pat Sloan. London: Lawrence, 1941, 128 p. 2/6.

An uncritical pro-Communist description of the structure and functioning of the Soviet Government.

RED HELL. By Joseph Ameel. London: Hale, 1941, 316 p. 12/6.

The author's two decades in Soviet Russia, spent partly in prison and penal settlements, so embittered him that his account, though full of valuable sidelights, is too lurid and prejudiced to be taken at face value.

A HISTORY OF THE UKRAINE. By Michael Hrushevsky. New Haven: Yale University Press, 1941, 629 p. $4.00.

Hrushevsky, who died not long ago, was recognized as the leading Ukrainian historian and his ten-volume "History of Ukraine" is standard in the field. The present book is a translation of his one-volume treatise, to which Professor O. J. Frederiksen of Miami University has added a final chapter in order to carry the story up to the beginning of the present war. There is an appendix and a bibliography.

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SERGEI MIRONOVICH KIROV, 1886–1934. Moscow: Izdatelstvo Politicheskoy Literatury, 1941, 135 p. 20 cents.

A popular biography of the leader assassinated in 1934.

STAKHANOVSKOYE DVIZHENIE — VYSSHII ETAP SOTSIALISTICHESKOGO SOREVNOVANIYA. By I. Kuzminov. Moscow: Sotsekgiz, 1941, 220 p. 50 cents.

A study of the Stakhanovite (speed-up) system.

FINLANDIYA. By Ilya Ilinsky. Moscow: Sotsekgiz, 1941, 212 p. 50 cents.

A Soviet account of present-day Finland.

THE DIPLOMATIC RECOGNITION OF THE BORDER STATES. PART III: LATVIA. By Malbone W. Graham. Berkeley: University of California Press, 1941, p. 399–564. $1.75.

A documented monograph on the birth of independent Latvia.

THE CAMBRIDGE HISTORY OF POLAND, 1697–1935. Edited by W. F. Reddaway and Others. New York: Macmillan (Cambridge University Press), 1941, 630 p. $7.50.

This valuable coöperative work was conceived by the late Professor Harold Temperley and it was happily written when the war cut off the Polish contributors from outside communication. The twenty-five chapters come from the pens of twenty-one authorities, over half of them Polish.

GERMANIZING PRUSSIAN POLAND. By Richard Wonser Tims. New York: Columbia University Press, 1941, 312 p. $4.25.

A documented history of the German Eastern Marches Association and its struggle to Germanize Polish Prussia.

WE WERE AND WE SHALL BE. Edited by Zdenka and Jan Munzer. New York: Ungar, 1941, 205 p. $2.50.

Excerpts from Czech classics and brief chapters by modern Czech leaders of thought and action, assembled to illustrate the vitality of the Czechoslovak tradition of liberty through the centuries.

BLACK LAMB AND GREY FALCON. By Rebecca West. New York: Viking, 1941, 2 v. $7.50.

This is one of the most interesting and beautifully written books reviewed in these pages for some time. The author, a prominent British novelist and essayist, passed considerable time in two recent years in travelling about Jugoslavia. These two volumes record her impressions and highly subjective judgments of the country, the people and their neighbors. More than that, they give us some of the ideas of universal application which crowded into her active mind as she wandered among the mountains and cities of Southeastern Europe and talked with their argumentative inhabitants.

The British Commonwealth of Nations

MR. CHURCHILL. By Philip Guedalla. New York: Reynal, 1942, 346 p. $3.00.

As one would expect, this biography from the pen of a master of English prose is a literary gem. The reader will find, however, that it lacks some of the novelty of idea and keen analysis which characterized many of the author's earlier works.

VISCOUNT HALIFAX. By Alan Campbell Johnson. New York: Ives Washburn, 1941, 575 p. $3.75.

A lengthy biography of the present British Ambassador in the United States. Though the author makes few revelations concerning the events with which Lord Halifax was intimately connected, his narrative does make clear that the subject's Christian good will was sometimes greater than his realistic insight, and that he was a greater Viceroy of India than a Foreign Secretary.

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THE BRITISH CONSTITUTION. By W. Ivor Jennings. New York: Macmillan, 1941, 248 p. $2.50.

This excellent little manual describing the operation of Britain's parliamentary régime was prepared by one of England's foremost political scientists under the general editorship of the late Lord Stamp.

THE BRITISH CONTRIBUTION. By Donald Cowie. New York: Norton, 1941, 135 p. $1.50.

Copious evidence of the immense debt owed by humanity to Britain for both ideas and practical inventions.

THE BRITISH EMPIRE, 1815–1939. By Paul Knaplund. New York: Harper, 1941. 850 p. $4.00.

A student's survey, organized into geographical subdivisions.

THE ENGLISH ARE LIKE THAT. By Philip Carr. New York: Scribner, 1941, 356 p. $2.75.

A cross-section of English life in all its aspects.

ENGLISH POLITICAL PLURALISM. By Henry Meyer Magid. New York: Columbia University Press, 1941, 100 p. $1.25.

Essays on the "problem of freedom and organization" with special attention to the theories of Figgis, Cole and Laski.

BRITISH WORKING CLASS POLITICS, 1832–1914. By G. D. H. Cole. London: Routledge, 1941, 320 p. 7/6.

A convenient summary of an important phase in British history, by a well-known Socialist economist.

PUBLIC INVESTMENT AND THE TRADE CYCLE IN GREAT BRITAIN. By R. F. Bretherton and Others. New York: Oxford University Press, 1941, 454 p. $9.00.

An historical and somewhat technical analysis of British experience during the last twenty years. The lessons of this experience may well be useful during the coming period of postwar adjustment.

A HISTORY OF THE AIR MINISTRY. By C. J. Grey. New York: Norton, 1940, 319 p. $3.00.

This is a comprehensive and detailed history of the organization and development of the youngest among the service ministries. The author has been connected with aviation publications since 1909, and his interpretations of the zigzag in British air policy are thus of importance.

HOW THE AIR FORCE DEFENDS US. By Major C. C. Turner. New York: Norton, 1940, 136 p. $1.50.

One of Britain's early air pilots traces the growth of the R.A.F. and describes its functions today.

LES CANADIENS FRANÇAIS ET LEURS VOISINS DU SUD. Edited by Gustave Lanctot. New Haven: Yale University Press, 1941, 322 p. $3.00.

Chapters on the history of the relations between French Canada and the United States.

A HISTORY OF SOUTH AFRICA. By C. W. de Kiewiet. New York: Oxford University Press, 1941, 292 p. $3.75.

A much-needed survey, emphasizing social and economic developments. The author is professor of history at Cornell University.

INTRODUCING AUSTRALIA. By C. Hartley Grattan. New York: Day, 1942, 331 p. $3.00.

For some time we have needed a good panorama of Australia — its geography, its history, its economic and social problems, its political life, and its people. Here we have

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all these things set forth, in a reasonably competent and readable manner, by a recognized American authority on the Commonwealth.

MY INDIA, MY AMERICA. By Krishnalal Shridharani. New York: Duell, 1941, 647 p. $3.75.

An Indian, well acquainted with the United States from long residence here, seeks to interpret his country and its Nationalist movement for us.

MODERN INDIA AND THE WEST. Edited by L. S. S. O'Malley. New York: Oxford University Press, 1941, 834 p. $10.00.

This is one of the most comprehensive and informative books on India to appear in some time. As is indicated in the subtitle — "A Study of the Interaction of Their Civilizations" — the emphasis is on the cultural, social and economic impact of the West on modern Indian life.

INDIA AND DEMOCRACY. By Sir George Schuster and Guy Wint. New York: Macmillan, 1941, 444 p. $5.00.

A sound book on the government of India that gives proper attention to the social and economic background.

The Near East

1939 HARBI: TURKIYE-INGILTERE ITTIFAKI VE BUYUK BRITANYA IMPARATORLUGU. By Mumtaz Faik Fenih. Istanbul: Author, 1941, 147 p. Ltq. 1.25.

A study, from the Turkish point of view, of the international background of the present World War and especially of Turkey's relations with Great Britain.

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An intensive geographic, economic and social study of a selected region along the border between China and Burma.

THE PHILIPPINES. By Joseph Ralston Hayden. New York: Macmillan, 1942, 984 p. $9.00.

No American can write with more authority on the Philippines than Professor Hayden, formerly Vice-Governor of the Islands and now on the faculty at the University of Michigan. This long-awaited treatise has appeared just as the Philippines are splashed across the day's headlines; yet it is not an ephemeral book, but one that will live as a comprehensive repository of reliable information.

Latin America

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A companion to "Inside Europe" and "Inside Asia." Mr. Gunther, one of America's most indefatigable and brilliant journalists, recently returned from a swing through all of the twenty Latin American Republics, where he interviewed many of the leading personalities in political, cultural and business life. However, as in his other books, he does not merely report his own personal observations but seeks to give a rounded and up-to-the-minute bird's-eye view of the countries he visited. As Gunther addicts would expect, "Inside Latin America" is easy to read.

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The spate of books on Latin America continues to flood the literary market. Most of them were better never written. This one is not in that category, for it has a definite place on the shelf as a well-informed compendium of useful and interesting data arranged by broad subjects rather than by countries.

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SOURCE MATERIAL

By Ruth Savord

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